FOREIGN AFFAIRS

AMERICA AND THE WORLD 1988/89

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Reagan's Foreign Policy
Robert W. Tucker

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The 1988 Election — *Norman J. Ornstein / Mark Schmitt*

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American Foreign Policy: The Bush Agenda
Richard Nixon

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Robert W. Tucker

REAGAN'S FOREIGN POLICY

Any attempt to form a judgment on an administration's record in foreign policy must at least begin by comparing the circumstances in which it entered and left office. Certainly in the case of the Reagan Administration the comparison appears striking, more so, indeed, than in the case of any administration since Harry Truman's.

The past year was characterized by a virtually unbroken series of auspicious developments in foreign policy, developments that few observers would have forecast in 1981. In marked contrast, the last year of the Carter Administration had been almost unrelievedly bleak. It had begun with the Soviet invasion of Afghanistan and had ended with an escalating war in the Persian Gulf between Iran and Iraq. Both conflicts were widely seen as inaugurating a new and more dangerous phase of the continuing oil crisis.

What made the deepening crisis in the Persian Gulf all the more disturbing was its occurrence within the context of a global balance of military power that appeared to be shifting steadily in favor of the Soviet Union. Throughout the 1970s the growth of Soviet arms, strategic and conventional, proceeded at a rate that could eventually call into serious question the effectiveness of Western deterrent and defense arrangements. This impressive Soviet arms buildup was attended by a persistent and unprecedented effort by Moscow to expand its influence in the developing world. What gave this effort a more menacing character than it otherwise would have had was the fact that much of it was centered in regions proximate to the Gulf. To the alarm that in any case would have registered in the West, there was added a measure of nervousness over the threat to the indispensable source of energy for the states of Western Europe and Japan.

The great questions posed in 1980 were: What did these

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several developments add up to, and where were they likely to end? Clearly, the Soviet Union was making a serious bid to expand its global position and influence. But how far and at what cost and risk was it determined to press? Although the answers could only be guessed at, none appeared reassuring. Even if Moscow could be expected to observe its past caution, it was now in a more advantageous military position relative to the West than it had ever been. The awareness that this advantage might prove short-lived could impel even the normally cautious Soviet leadership to pursue an increasingly dangerous course. At the very least, a period of sharply increased tension between the superpowers seemed all but inevitable. The détente of the 1970s had clearly collapsed; a new cold war was in the making.

Eight years later this picture had not only changed, in many respects it resembled a movie run in reverse. The storm center of 1980, the Persian Gulf, was no longer the object of anxious attention. The oil crisis, in all its successive manifestations, had virtually disappeared. Its last major manifestation was in the closing phase of the Iran-Iraq War, when first the American government and then the governments of France and Great Britain sent naval forces into the Gulf, ostensibly to protect freedom of navigation there. But this move, though it gave rise to several armed encounters with Iran, did not provoke anything close to the fears that had been so pervasive eight years earlier. In the interim, the world oil market had been transformed.

Nor was this all. What had once been seen as serious threats to the security of Western access to the oil of the Gulf became far less pressing. In 1980 almost all of the oil transported from the Gulf passed through the narrow Strait of Hormuz. In 1988 more oil was moved by pipeline over land than by water and a still greater portion would go by pipeline in the future. By 1988 earlier fears of shortages had given way to a substantial surplus production capacity that sharply limited the impact of any sudden cutoff of Gulf supplies. That prospect, in any event, had to be rated as very low, for the threats to access that were feared in 1980, whether from an outside force or from a force within the Gulf, had receded to a point where they could be all but discounted. The outside force had met with defeat in Afghanistan and was instead intent on maintaining rather than expanding its empire, while the principal inside force had also met with something close to defeat in its war with Iraq and,

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perhaps more important, in its attempt to further the cause of Muslim fundamentalism in the Arab world. Taken collectively, the states of the Gulf had never seemed more intent on preserving Western access to their oil.

No such comparable reversal in Western fortunes occurred with respect to the military balance between the Soviet Union and the Western nations. Instead, many of the worries over the balance that marked an earlier period persisted in 1988. Thus the problem of the imbalance of conventional forces in Europe not only remained unredressed, many believed that it had been aggravated by the Soviet-American treaty banning intermediate-range nuclear forces. Nor had the threat to American land-based intercontinental ballistic missiles (ICBMs) posed by Soviet SS-18 missiles ever been adequately addressed. Still, concern over an eroding military balance of power had eased substantially by 1988, in part because of the improvement since 1980 in this nation's military posture and in part because of developments in the Soviet Union that made Moscow's military power appear less imposing and less threatening than before.

Anxieties over American decline persist, but they are now focused on the prospect of a long-term erosion of our economic position rather than on an imminent threat to the nation's security. And the major beneficiaries of this decline are thought to be, not the Soviet Union, but our principal allies and perhaps China as well. The great fear of 1980—that Moscow would continue to make substantial inroads on the American position in the world—had all but disappeared. In its place was the belief that the Soviet threat had markedly diminished, that Soviet-American relations had taken a decided turn for the better and that the future held out the prospect for still further improvement in these relations.

Ronald Reagan was undoubtedly the most important representative of this changed view, not only because of his position but because of the seemingly unshakable conviction he had always entertained of Soviet governments and more generally of the Soviet system. According to this conviction, the Soviet Union could no more change its malevolent character in any essential respects than the tiger could change its stripes. The sources of Soviet conduct defined the essence of the system and its eternal and implacable hostility to the West. The outgoing president had long accepted this as an article of faith, and he expressed it as recently as the beginning of his second term. Yet by 1988 Mr. Reagan declared that he had altered

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his deeply held views about the Soviet system in the light of the institutional and doctrinal changes introduced by Mikhail Gorbachev. The president drew no explicit connection between domestic change in the Soviet Union and Soviet foreign policy. Still, it was apparent that the optimism with which he viewed future prospects for Soviet-American relations was based largely on the belief that a greater liberalization in domestic institutions would lead to a greater moderation in foreign policy.

Whether or not the connection thus drawn between Soviet domestic and foreign policy was well founded, one thing was clear. The Soviet Union's behavior in the world did continue to moderate in 1988. It did so in a number of respects, though most significantly in its disposition to cooperate in the negotiated settlement of several regional conflicts. Some observers noted that this moderation might not prove an unalloyed blessing if attended, as it was, by a more supple diplomacy. In fact, there were growing signs that the new flexibility was serving Moscow's interests. Even so, these interests did not point to a new expansionist design. However innovative tactically, Soviet foreign policy appeared to resemble much more a holding operation than anything else. The question in 1988 was not, as in 1980, where might Soviet power next expand, but where in the empire might a line be drawn and defended with force if necessary.

Despite the failure to conclude a strategic arms agreement in 1988, the year ended with the United States and the Soviet Union enjoying a better relationship than they had since the early 1970s, and arguably since World War II. The détente in all but name that they had now entered into already showed more promise than its ill-fated predecessor ever did. On the Soviet side the incentives were far greater. In the 1970s the imperatives of an expansionist foreign policy asserted their primacy over Soviet domestic economic policy. In the late 1980s it was the imperatives of domestic policy that increasingly subordinated the goals—certainly the expansionist goals—of foreign policy. If the efforts at domestic reform were to have a solid prospect of succeeding, moreover, there would have to be a substantial reduction sooner or later in defense expenditures. In 1988 and for the indefinite future, an ambitious foreign policy would have to be put off if Moscow were to achieve even partial success in the domestic reforms on which it was now embarked.

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In consequence, the concern of American policymakers in 1988 with respect to what remained the nation's major diplomatic problem, the Soviet relationship, was almost the reverse of what it had been in 1980. Then the issue was how to respond to Soviet expansion and to handle the growing tensions that signaled a renewed cold war. In 1988 it was how to respond to a growing détente with the Soviet Union. The dramatic change in the American-Soviet relationship was the development that dominated U.S. foreign policy in the last year of the Reagan Administration.

II

Given the improvement over eight years in the nation's strategic position with respect to its principal adversary, the negative judgment many have nevertheless made of the Reagan record in foreign policy cannot but seem unusual. This is not the judgment of the general public but of the experts. While conceding that Reagan restored America's pride and self-confidence, the prevailing view of the experts is that his foreign policy has been mediocre at best. Not a few consider this assessment too charitable.

By contrast, the public appears on the whole quite satisfied. It is aware that mistakes were made. It is not uncritical of the relative neglect with which certain issues were treated. Even so, the public has been generally approving of the Reagan performance in foreign policy, and this was made apparent by the virtual absence of any serious discussion of foreign policy in the 1988 presidential elections.

In part, the case made against the outgoing administration rests on matters of outlook and diplomatic style. The Reagan Administration, it is regularly contended, was more nationalist in outlook than any of its postwar predecessors. In consequence, it is said to have been more insistent on the rightness both of American objectives and of the means employed to achieve those objectives. It also entertained a more hostile view of the world than its predecessors did, a view that extended not only to the states of the developing world and to the institution these states had come to control, the United Nations, but not infrequently to allies as well. In turn, this outlook sanctioned a diplomatic style that had a marked propensity for unilateralism.

There is some merit to this criticism, though it is often overdone and marked by cant. But even if the criticism of

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outlook and diplomatic style is once granted, it does not really respond to the issue in question here. That issue is not whether the Reagan Administration, in contrast to earlier administrations, entertained a hostile view of the world and had a marked penchant for unilateral action, but whether its foreign policy is to be judged, on balance, a success or failure.

The same must be said of the criticism, undoubtedly well taken, that the policymaking process of the outgoing administration was flawed. Only the most devoted of Reagan supporters would by this time seriously defend the manner in which this president has presided over the formulation and implementation of policy. The Iran-contra affair stands as the great monument to the absence of any clear system of foreign policy management in the Reagan Administration; it prompted the investigating Tower Commission to conclude that the policy process of the administration was not only flawed but, worse, that it allowed for no clear allocation of responsibility. Still, a distinction must be made between the policy process and the substance of policy. Clearly, a flawed process, particularly when presided over by a president given to maintaining an extraordinary detachment from the "details" of policy implementation, does not contribute to a successful policy. At the same time it does not ensure failure, else the Reagan record would appear, even for critics, other than it does.

It may still be argued, of course, that the contrast drawn here between 1980 and 1988 is misleading. For with the advantage of hindsight, it is now clear that the gravity of developments in 1980 was exaggerated by many (including this writer). A more balanced view would have seen in 1980 that alongside the threatening prospects there were promising ones as well. In the course of the 1980s not only did some of the latter materialize, almost all of them did. At the same time, none of the former came to pass. This happy outcome ought not to obscure the simple point, however, that the events of 1980 were, on the whole, very sobering. The administration of the day clearly thought so, as did a number of allied governments. Perceptions of an emerging balance threatening to Western interests were everywhere apparent. These perceptions, the "futures" in which present political capital is invested, were not yet fixed. But the very fact that they had become fluid and uncertain was indication enough that an ominous juncture might be close at hand.

The disparity between 1980 and 1988 cannot be called into

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question simply by noting what did not happen in 1980. Nor can it be dismissed by pointing out that the apparent improvement of the succeeding eight years was not attended by a resolution of the persisting imbalance between power and commitments. Clearly, that imbalance was not resolved; nevertheless, it eased considerably. A reassertion of American power did occur in the 1980s, and it had a profound impact in changing perceptions of the balance of power evident at the beginning of the decade. The question assuredly remains whether the real and substantial accomplishments of this administration in foreign policy have been achieved at the longer-term price of worsening other elements in the American strategic predicament. Here the unease of the experts appears more plausible than the satisfaction of the public. The accumulation of federal and other forms of indebtedness, the declining propensity of Americans to save, and, more generally, Mr. Reagan's stubborn refusal to break the gridlock that developed over taxes, defense and social spending, does in fact point to a legacy of failure, though the consequences of this failure are not immediately apparent. That they hold out the prospect of undoing a number of the foreign policy successes of the past eight years is a serious danger as this president leaves office.

Still, these considerations cannot obscure the point that the nation's security position has changed markedly for the better during the Reagan years. The improvement is too evident to be denied. This is why critics have generally fallen back on the element of luck, not to deny improvement but to explain how it came about. But the major Reagan successes in foreign policy cannot simply be passed off by pointing to the president's good fortune. That he has been favored by circumstances in his dealings with the Soviet Union is notorious. Does it follow that the outcome of those dealings when successful may be rightly seen as little more than dumb luck? If it does, the same must be said of any and all successes in foreign policy that have plainly been conditioned by favorable circumstances.

The remarkable persistence critics have shown in dismissing the Reagan record in foreign policy cannot be laid simply to ordinary partisan considerations. There is something more at work here than normal garden-variety political bias. In some measure, the refusal to acknowledge the outgoing president's achievements reflects the persuasion that effectiveness in foreign policy requires high intellectual attainment and unremit-

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ting attention. Since Mr. Reagan has seldom been charged with either attribute, even by his supporters, his critics have approached the task of assessment with a built-in bias that at least suggests, if it does not clearly point to, a directed (and negative) verdict.

In still greater measure, however, that verdict has followed from the conviction that Ronald Reagan has represented the great obstacle that prevented the nation in the 1980s from making the necessary adjustments to a changed, and more modest, status in the world. This conviction has generally withstood the unexpected turns marking the final two years of the Reagan Administration. Even when it has not, it has only been modified to show this: that Ronald Reagan was a president whose view of the world alternated between an unachievable future and an irrecoverable past. Could a foreign policy that reflected this outlook possibly succeed?

Yet that foreign policy plainly has enjoyed considerable success. The persisting efforts to deny this success must raise once again the questions: What has Mr. Reagan stood for in foreign policy? What did he come to office wanting to do and how much of what he wanted to do has he done?

III

In the beginning, there was a lost war. Prior to that war America's dominant position in the world went unquestioned at home and abroad. The historic tasks the nation had taken on in defense of freedom—first by intervening in World War II against the fascist onslaught and then by organizing a great coalition of free states to resist communist aggression—were sustained by a domestic consensus that was both broad and deep.

The war in Vietnam shattered that consensus. Although undertaken in defense of a free people resisting communist aggression, the war led to corrosive doubt and debilitating division at home. It was this doubt and division, provoked and led by the anti-war movement, and not the arms and determination of the enemy that above all other considerations must account for our defeat. America fought more with itself than with the adversary, and in the end managed to defeat itself. The consequences of defeat proved very serious, and nowhere more so than in the view we came to entertain of ourselves. Indeed, in the prevailing view that was taken of defeat can be found the principal explanation for the subsequent decline in

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America's power and world position. There arose a pervasive skepticism not only of the effectiveness of the nation's power but of the purposes to which this power might be put. Where the utility of American power was not discredited, its legitimacy was. The results of this skepticism became apparent in the course of the 1970s when the nation's position seemed more vulnerable than at any time in the post-World War II period.

This is the view of Vietnam and its consequences that Ronald Reagan held before becoming president, a view reflected in his declaration in the 1980 presidential campaign that Vietnam had been a "noble cause." It is a faithful expression of a conviction long and consistently held. There is no reason to question the importance of Vietnam for Mr. Reagan, just as there is no reason to question his conviction that until the nation overcame its Vietnam syndrome the erosion of America's power and position would continue. For that syndrome made impossible the reconstitution of the domestic consensus required for the reassertion of the nation's power. The history of the foreign policies of three administrations in the 1970s had presumably demonstrated this; all three had been attempts somehow to conduct a foreign policy that preserved American interests but that did so within the narrow limits imposed by Vietnam. These efforts of necessity had resulted largely in failure.

It was the domestic base, then, that first had to be addressed, and in coming to office Reagan put the need for a renewed vision of and faith in the nation and its role in the world above all other considerations, even the need to rearm. The nation's pride and confidence had to be restored, a restoration that was impossible so long as the prevailing view of Vietnam continued to dominate the public's consciousness. Beyond this, a revived economy that drew its strength from a rededication to the principles of a free market had to be achieved. Finally, on such a renewed economic base, the indispensable task of rearmament would be undertaken.

The great foreign policy ends for which this reconstituted domestic base was sought seemed clear enough. To stop and even to reverse the decline in America's global role and position, to restore the nation's credibility for power and its use, to stop the steady expansion of Soviet influence that had occurred in the 1970s, and perhaps in time even to put Moscow on the defensive—these were the foreign policy ends to which Mr. Reagan dedicated his administration.

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Did they imply a return to the policy that had characterized the years preceding Vietnam and that had led to the intervention? Reagan gave no clear answer. Still, in more ways than one the logic of global containment appeared to be the logic of his position as well. The advocacy of a resurgent America, committed to oppose not only Soviet expansion but the coming to power of communist regimes generally, suggested a position indistinguishable from one of global containment. At the outset, though, the issue could be left in abeyance. The restoration Reagan was intent on achieving began at home.

With the advantage of hindsight, we can now also appreciate that beyond these broad objectives was another—and grander—goal that was implicit in the convictions with which Mr. Reagan came to office. This goal was nothing less than the alteration of the essential conditions that had come to define American security in the postwar world. One such condition had resulted from the acquisition by the Soviet Union of a strategic nuclear missile force capable of striking the United States. The other condition had followed from the development by the Soviet Union of the capability for global intervention.

Mutual deterrence had been the American government's response to the first condition. Given formal sanction in the 1972 strategic arms agreements with the Soviet Union, mutual deterrence meant that this nation was now in the most literal sense a hostage to the power and intentions of the Soviet Union just as the Soviet Union was a hostage to the power and intentions of the United States. Nothing that had happened since World War II was comparable in significance to this development. Mutual deterrence implied a radical change in the nation's security. It constituted a novel and significant constraint on the scope of the nation's former freedom of action. It tied our fate to the fate of our great adversary and in a way that was unprecedented. And it measurably worsened a strategic position dependent in large measure on the credibility of the protection afforded to major allies.

On more than one occasion in the 1970s Reagan had expressed hostility to mutual deterrence. His views were, by and large, similar to those generally entertained on the political right. For many years the right had expressed skepticism over mutual deterrence, attacking it not only on strategic grounds but on moral and political grounds as well. Time and intervening developments only served to sharpen this criticism. By the

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time Mr. Reagan came to office, these developments—technological, strategic and political—appeared to lend greater persuasiveness to the critique. Technological developments, in particular, had this effect. From the outset, there were indications that the new administration was by no means resigned to the fate decreed by mutual deterrence. But how it might rebel against this fate was not clear.

Similarly, it was unclear how the Reagan Administration might attempt to break the other condition that had come to define American security. Soviet development of a global interventionary capability had been seen by many as a serious blow to the promise initially held out by the policy of containment. In the view of the right, of course, the policy had never been promising. At best, it was considered as too defensive and as failing to hold out the solid prospect of bringing the great conflict to a satisfactory end. At worst, it was seen as simply defeatist. Reagan had frequently voiced both criticisms and particularly of a policy of containment that was, in application, anything less than global.

However, the very development that enabled the Soviets to challenge containment as never before, their ability to intervene in political developments around the world, had created the opportunity for challenging Soviet expansion. If the Soviets could be successfully challenged at the periphery of their empire, might not the effects be felt throughout that empire? It would be an ironic and altogether unexpected reversal of fortunes if the instruments of Soviet expansion inspired the circumstances of their own undoing.

At the outset of the Reagan Administration these were still little more than inchoate aspirations that were subsequently to emerge in the form of the Strategic Defense Initiative and the Reagan Doctrine. Even when they are put aside, it is apparent that the policy objectives entertained by Mr. Reagan in coming to office were very ambitious—indeed, far more ambitious than any administration's since that of Kennedy. How were they to be achieved?

Clearly these objectives would remain unrealized without a reconstitution of the domestic base. But this in turn implied more than a revived economy and a refurbished defense. Above all, it implied a new domestic consensus on the use of American power—particularly, the use of the nation's military power—that could be invoked to support the Reagan objec-

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tives. In the absence of such consensus all else would necessarily remain in doubt.

Yet there is little to support the view that Reagan ever believed he could restore the old cold-war consensus that had broken down over Vietnam. Despite all the pre-1981 talk about the need to rid the nation of its Vietnam syndrome, the record shows that from the outset of his tenure as president, Mr. Reagan appreciated that at least a significant part of this outlook could not be readily overcome, if overcome at all. The doubt, uncertainty and guilt bred by Vietnam might be effectively removed, but the principal constraints on the use of American power that had emerged from the war were likely to remain. More generally, the public's disinclination since Vietnam to entertain substantial sacrifice on behalf of foreign policy objectives was likely to persist, and Reagan seemed quite aware of this as well.

Nor did he ask for sacrifice by the nation. The themes of pride and confidence that he struck in coming to office were very different. Reagan had never been identified with the austere appeal to sacrifice. Although he gained the presidency by promising to stop, and even to reverse, America's decline, he did not do so in the spirit of the famous message of John Kennedy. On the contrary, nothing seemed further from the outlook of the president and his administration than a willingness "to pay any price, bear any burden, meet any hardship, support any friend, oppose any foe, to assure the survival and success of liberty."

How, then, did Mr. Reagan think he would achieve his ambitious goals? Unless they were merely words, he would somehow have to resolve the issue of means. Yet the great constraints on foreign policy that were likely to remain even when the nation had largely forgotten Vietnam appeared to pose an insurmountable obstacle. Reagan's dilemma was essentially unchanged from that which had confronted his predecessors in the 1970s. But at least their objectives had all been more modest. Even so, in varying degree they had failed while by comparison Reagan has been largely successful.

IV

Even with the considerable good fortune he enjoyed, Reagan's success could not have come about had he been the rigid ideologue he was so regularly depicted as being. It did come, however, because Mr. Reagan has been an extraordinary com-

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bination of the ideologue and the realist, and because his statecraft normally reflected that fact. Not only did he manage to live at once in two quite different worlds, he seemed to have experienced little difficulty in doing so. The tensions, even contradictions, between his vision of the world and the world with which he had somehow to deal appear to have troubled him very little. Only infrequently did he persist in the attempt to impose his vision upon a reality that gave evidence of being quite recalcitrant. Instead, with rare exception, he adjusted his vision to the circumstances conditioning and limiting the conduct of the nation's foreign policy. Yet that adjustment seems not to have resulted in his perception of any real compromise, let alone abandonment, of his vision. At the end of his presidency, Reagan could say, and apparently believe, that he had been entirely faithful to that vision.

What came to be known as the Reagan Doctrine provides an instructive example of this ability to balance two quite different worlds. The Reagan Doctrine, *qua* doctrine, proclaims a new international order in which the legitimacy of governments will no longer rest simply on their effectiveness, but on conformity with the democratic process. Governments that have come to power without fulfilling the requirements of that process are to be regarded as illegitimate. Against such illegitimate governments, and particularly against Marxist-Leninist governments, there is a right of intervention. The Reagan Doctrine asserts America's "moral responsibility" for aiding popular insurgencies against communist domination. Such support is also considered to express the vital security interests of the nation. Since freedom and democracy are, in Mr. Reagan's words, "the best guarantors of peace," support for popular insurgencies is no more than self-defense.

The obvious criticism to be made of the Reagan Doctrine is not unlike that made of its famous predecessor, the Truman Doctrine. Both doctrines proclaim an apparently unlimited and indiscriminate commitment while holding out the messianic hope of redeeming history. But, in its pretensions the Reagan Doctrine goes even further. The Truman Doctrine set forth a policy of containing the Soviet Union and other communist governments, not of overthrowing them. The great postwar pronouncement was directed to the defense of the status quo against certain kinds of change, not to overturning that part of the status quo regarded as illegitimate. By contrast, the inspiration of the Reagan Doctrine is offensive. Its intent is to show

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that communist revolutions are indeed reversible, thereby exploding a crucial myth.

Given the goals of the Reagan Doctrine it seems reasonable to conclude that, if seriously and consistently pursued as a policy, it risks a fate not unlike the fate of the Truman Doctrine. Once again, the reconciliation of interest and power must prove elusive, and for the reason that although power is always limited, the interest informing the Reagan Doctrine is not. Nor is this consideration turned aside by pointing to the modest means presumably required to implement the Reagan Doctrine or by noting that the goals are to be subordinated to the requirements of prudence.

In its inception, the Truman Doctrine also presumably required modest means; its goals were also to be subordinated to the requirements of prudence. Yet it quickly evolved into the policy of global containment, a policy that proved neither modest in means nor prudent in calculation. The same evolution may surely attend a doctrine that proclaims a new vision of international order and that makes democratic forms and processes the indispensable condition of order. A policy obedient to prudence and restrictive in means may readily appear as a betrayal of the new order and of the value—freedom—it enthrones. No less than global containment, with its insistence upon defending a seamless web of interests, the policy evolving from the Reagan Doctrine might prove unable to discriminate among interests, and to treat with equanimity the prospect of occasional failure to defend those interests. Equating, as it does, our interests with freedom, it might well prove even less able to do so.

This criticism of the Reagan Doctrine might one day have a direct relevance to policy. It does not have such relevance today. The outgoing administration did not employ the doctrine that constitutes its most distinctive foreign policy contribution in order to launch a crusade against communism. Instead, what was striking about the policy implementing the Reagan Doctrine was the caution and moderation that marked it. The means that were committed to policy scarcely betrayed the ideological determination that the rhetoric of the doctrine's architects suggested. This was true even in the case that had provided the immediate occasion and impetus for the Reagan Doctrine: Nicaragua.

The importance of Nicaragua for the Reagan Doctrine was apparent from the outset. It was made the litmus test of the

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doctrine by the president. If the promise of the doctrine could not be realized in Nicaragua, Mr. Reagan asked on more than one occasion, where could it be realized? This was why, the president insisted, the administration's efforts on behalf of the Nicaraguan contras could not be allowed to fail. It was also why the simple logic of the administration's commitment in Nicaragua seemed to require it to intervene directly with American forces rather than permit this commitment to fail.

Yet Mr. Reagan did permit it to fail. At the close of his administration, the virtual collapse of the contra effort was apparent. The state that had provided the geographical *locus classicus* of the Reagan Doctrine had in effect been lost without so much as a dramatic outburst from the man whose deep commitment to the contra cause was not to be doubted. That commitment had led Reagan to hold to a policy that rejected compromise with the government in Managua. Compromise necessarily implied leaving the Sandinistas in power, a result that was seen by the president as a betrayal of principle. Confronted with a choice between half a loaf and no loaf, Reagan the ideologue chose the latter. Confronted with a choice between accepting the consequences of no loaf and attempting to alter the circumstances that had imposed so disagreeable a choice, Reagan the realist chose the former.

This result can have come as no real surprise. Despite his earlier efforts to escape the constraints placed on his Nicaraguan policy by public opinion and Congress, Reagan was never disposed openly to override those constraints. When the Iran-contra affair blew up in his face and Congress directly challenged his covert policy, he retreated into the womb of the establishment.

Reagan accepted the limitations on the employment of American military power that were underscored by the Vietnam experience. The attractiveness of the Reagan Doctrine was, in large measure, its apparent compatibility with these limitations. In contrast to global containment, which led to Vietnam, this version of globalism would require very little treasure and, even more significant, no American blood at all.

In Nicaragua, however, the promise of the Reagan Doctrine seemed to founder almost from the start and not simply because of the obstructive role played by Congress. Even had the Congress been more accommodating, the administration's efforts to overthrow the Sandinista government would quite likely have failed. For that effort to have succeeded, the com-

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mitment of American ground forces (amounting by Pentagon estimates to three or four divisions) was required. The president was throughout determined to avoid taking this step.

This determination reflected Mr. Reagan's sensitivity to the domestic constraints on the use of military power that had emerged since Vietnam. Vietnam had taught that where the public did not perceive compelling security interests to be at stake, its support of military intervention was contingent on costs remaining modest and the duration of intervention being brief. An inexpensive and quick success, then, is the solvent of serious public disaffection. The record shows that Reagan had absorbed the great lesson of Vietnam only too well. Grenada and Libya met almost perfectly the prevailing domestic constraints on the use of force.

Moreover, while staying within the limits imposed by domestic opinion, these military actions effectively served the nation's diplomatic interests, if only by restoring a measure of prestige and credibility in the use of power. To be sure, as demonstrations of military might, Grenada and Libya were scarcely impressive. In the annals of warfare they are likely to be remembered as no more than inglorious little victories. But these considerations may be largely irrelevant to the real significance of the actions, which was demonstrative and symbolic. As such, their diplomatic utility must be found in whether they effectively conveyed the message intended by the actor.

Judged by the subsequent behavior of the more immediate recipients of the Reagan message—Cuba, Nicaragua and Libya—the results were no more than moderately successful. Of greater importance, however, were the effects these demonstrative actions had on the nation's principal adversary. Taken together with the harsh rhetoric of the "second cold war" of the early 1980s and the Reagan Administration's rearmament effort, the effects on the Soviet government appear to have been considerable. This experience, which included the highly stylized character of the second cold war, underlined the greatly heightened sensitivity of the superpowers to the risks attending any use of force that directly involved both of them, and their determination to find effective substitutes for accomplishing the same purposes force once served. Reagan appreciated that demonstrative uses of force had risen sharply in significance. In contrast to his predecessor, he was willing to act on this awareness well before a point of desperation had been reached.

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At the same time, Mr. Reagan also appeared to know when to give up. In sending marines to Lebanon a second time in 1982, the president did so in the hope, possibly even the expectation, that the introduction of little more than a token marine contingent would be sufficient to establish the credibility of the American government's interest and determination to restore peace to Lebanon. When subsequent events had shown the utterly illusory character of this hope, Reagan withdrew what remained of the force. Despite the president's continued assertion of an American interest in Lebanon, the only alternative to withdrawal was a lengthy American commitment of very substantial ground forces. Once confronted with these alternatives, Reagan did not hesitate. Lebanon was a classic instance of an almost complete lack of proportion between means the administration had no intention of employing and ends which should never have been entertained in the first place. Even so, when confronted with the consequences of a mistaken policy, Reagan knew when to abandon it.

V

The realism with which the outgoing president accepted and adjusted to the constraints on military power was also apparent in alliance policy. Reagan came to office at a time of considerable tension and disarray in the Western alliance. Within a period of two years—a period bounded by the invasion of Afghanistan and the imposition of military rule in Poland—almost every possible challenge to the cohesiveness of the alliance had been made. Criticism, often bitter, of the state of the alliance had become the staple fare of editorial pages. Although this criticism was not limited to one part of the political spectrum, its strongest expressions clearly came from the right.

The principal charge brought by American conservatives against the European allies was, quite simply, one of bad faith. While continuing to accept the benefits of the alliance, the indictment ran, the nations of Western Europe were increasingly unwilling to pay the price entailed by those benefits. For the right, that price was not so much a greater contribution to the common defense as it was a greater acceptance of American policy toward the Soviet Union and communist governments generally. In the course of a generation, America's allies had progressively succumbed to the fatal attractions of appeasement in the guise of détente. Accordingly, strong American leader-

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ship was needed to bring them back to a proper course. And if that still proved unachievable, a small but influential group urged a policy of progressive detachment from Europe attended by a policy of active involvement elsewhere. A vision of global unilateralism thus arose in which the center of our postwar policy would become the periphery, while the periphery would become the center.

Whether Reagan was ever seriously attracted to this vision may be doubted. Even so, he did appear to share the outlook that found the Europeans acting increasingly in bad faith, and he repeatedly asserted the need for stronger and more resolute American leadership of the alliance. Given the indisposition of Europe to surrender to a reassertive America, the Reagan years seemed to promise a chronic crisis in the alliance. Yet what came to pass was quite different. The Western alliance not only survived the Reagan Administration, but did so with possibly less wear and tear than it had experienced during the administrations of the 1970s. It did so despite the conflicts that marked the alliance in the past eight years and despite those occasions in which the Reagan Administration acted unilaterally.

The outcome was due in no small measure to Reagan's good fortune. The emergence of governments in the major Western European states that broadly shared the administration's view of dealing with the problems posed by Soviet arms—and particularly the SS-20 missiles—was of critical importance. But what turned out to be on balance an unexpectedly good relationship was also due to a willingness on Reagan's part to accommodate the European allies over issues of vital concern to them and to do so, as in the case of the Euro-Siberian gas pipeline, without leaving a residue of rancor and resentment. The fear of Europeans, that this administration would break from its predecessors in a determination to act unilaterally, did not materialize. When the administration did act unilaterally, it did so in matters that were peripheral to Europe's security.

The glaring exception, of course, was the abortive negotiation at Reykjavik. Whatever the real explanation of this curious, even bizarre, episode—and in all likelihood it is to be found in a combination of Reagan's lack of preparation, his failure to grasp the implications of extended deterrence and his strong desire to put an end to the period dominated by nuclear missile weapons—the administration quickly backtracked before the objections of the allies to an agreement that,

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had it been consummated, would have eviscerated the credibility of the American security commitment to Western Europe. The subsequent intermediate-range nuclear forces agreement, one given momentum by Reykjavik, has been subject to the same criticism. But whatever the merit of the charge, in this instance the agreement was not one unilaterally entered into by the American government against the wishes of allies.

The Reagan record with respect to the Western alliance is as clear an example as one might have of the compelling force of vital interest and, in consequence, of the broad continuity in policy such interest entails. So long as the structure of the international system retains even approximately its present form, the United States and the Soviet Union are fated to be rivals. Their rivalry may vary considerably. Indeed it already has done so, though the future may find still greater change in the direction of moderation. But so long as structure is not essentially transformed, the rivalry will persist. And so long as it does, there is no reasonable alternative to a Eurocentric policy for the United States. That policy is so apparent a response to interests that it persists despite all the differences and the inequities that have come to mark the alliance. It persists because any of the suggested alternatives—whether they take the form of a Pacific orientation or of a global unilateralism or, more likely, of a hemispheric isolation—would inescapably result in a dispersion of the power that has been the foundation of postwar order. This is why even resolute critics of the Atlantic alliance rarely call for a change in policy that would in fact sacrifice the American interest in Europe. And it is why visions of an alternative to a Eurocentric policy appear either vague or confused when the infrequent attempt is made to translate them into coherent policy. Despite having presided over an administration that came to office entertaining a thinly veiled hostility toward the alliance, Mr. Reagan proved on the whole as clear-eyed and faithful to this core interest of American foreign policy as any president in the past generation.

VI

The triumph of continuity over change and of interest over ideology is apparent as well in the departing administration's record in the Third World. The Carter Administration had come to office intent on emphasizing North-South relationships. These relationships appeared to fit its view of "world

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order" politics, whereas East-West relations were a reminder of "balance of power" politics and of a world that was thought to be of markedly diminishing significance. At the end of Carter's presidency, however, the old system had reasserted itself with a vengeance. The incoming Reagan Administration found this reassertion entirely congenial with its view of the world, a view that emphasized the transcendent importance of East-West relations. By contrast, North-South relations were considered significant only to the extent that they were a function of East-West relations.

The Reagan Administration not only downgraded the significance of the developing world; it came to office determined to confront that world in a way preceding administrations had been reluctant to do. The developing countries were on the whole anti-American in outlook and statist in orientation. The new administration would put an end to the futile attempt to accommodate them. It scorned the Carter Administration's obsession about getting "on the right side of change." Not accommodating, much less co-opting, but facing down and containing hostile Third World governments—Marxist-Leninist governments with the exception of Iran—was its priority. For the rest, although the administration declared its support for development assistance, it also emphasized that the developing states not continue to view aid transfers as a solution to their problems. Instead, as Reagan declared at the 1981 Cancún summit, they must choose a course based on market-oriented policies.

The advent of the Reagan Administration coincided with the deterioration of economic conditions in most of the Third World and the decline of hopes invested in the New International Economic Order. It also coincided with the leveling off of Soviet expansionist activities in the developing world, a leveling off that was the consequence primarily of Soviet overextension and only secondarily the result of the West's reaction. What had in the 1970s been a rising tide inimical to American interests was thus clearly arrested.

By comparison with these developments, the efforts of the Reagan Administration were more modest in their effects. Even so, the administration followed much the same path as its predecessors. Almost all foreign assistance has gone to governments rather than to the private sector. On a number of occasions, this assistance has supported projects antithetical to Reagan market-oriented policies. Sanctions have generally not

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been imposed on those refusing to accept market-oriented reforms.

On balance, the Reagan Administration, for all its promises to change America's policy toward the Third World, practiced accommodation far more than confrontation. In the end, it was Mr. Reagan who felt obliged to acknowledge a position he had earlier rejected: that many Third World problems had local roots and could not be usefully seen through East-West lenses. Nor was this the only unexpected denouement. Although the president had come to office contemptuous of his predecessor's human rights policy, he left office boasting a human rights policy of his own. Moreover, it was a human rights policy, he declared to Congress in 1986, that opposed "tyranny in any form, whether of the left or the right." Critics have rejected this claim to even-handedness, charging that human rights were subordinated throughout to geopolitical interest. But the same could be said of the Carter Administration's record in human rights. The difference between the two administrations was that although both subordinated human rights to geopolitics, the Carter Administration did not consciously use human rights as an instrument of geopolitics, while the Reagan Administration did. In the end, however, there were far more similarities than differences between the two administrations on the issue of human rights.

For Reagan, as for Carter, human rights have served to legitimize a part of the nation's post-Vietnam foreign policy and to give policy a sense of purpose that apparently has been needed to elicit public support. This need, however, should not obscure the simple truth that human rights is little more than a refurbished version of America's historic purpose of advancing the cause of freedom in the world, a purpose that also informed the postwar containment policy that led to Vietnam. If the post-Vietnam period teaches any lesson, it is that, try as it may, the nation cannot seem to find a satisfactory substitute for its historic purpose, just as it cannot be shaken from its Wilsonian belief that a world made up of liberal-democratic states is a world—indeed, the only world—congenial to American interests. Reagan's human rights policy no less than Carter's faithfully reflected these assumptions.

VII

This is one side of the Reagan record in foreign policy. There is another, and less successful, side.

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Mr. Reagan came to office apparently intent on altering the postwar conditions of American security. To this end, he launched the great effort to which he gave so much support, the Strategic Defense Initiative. The president's commitment to SDI cannot be seen simply as an attempt to restore a lost security. It expressed as well his deep animus toward nuclear weapons and the deterrent arrangements to which these weapons have given rise. The mutual deterrence under which we live, he has observed, forms "a sad commentary on the human condition." It is not unlikely that this will be the judgment for which this president is best remembered.

Antinuclear sentiments had been expressed by previous presidents. Reagan's immediate predecessor had voiced such sentiments, to the ridicule of the right. The depth of Mr. Reagan's antinuclear disposition nevertheless appears unprecedented. It has been one of the great surprises of his long tenure. Having come to office condemning the arms control efforts of his predecessors and committed to a military buildup; having taken, once in office, what appeared to be a casual attitude toward nuclear weapons; and having appointed to office men who had never been known to utter a word about the moral enormity of ever using nuclear weapons, the sudden discovery that the president was not only deeply offended by the arrangement (mutual deterrence) that forms the limiting condition of all our lives, but intent on taking measures to alleviate this condition, if not to escape entirely from it, was clearly startling—so much so that many refused to credit what they viewed as too sudden, and suspect, a conversion.

And yet Reagan's antinuclear outlook was genuine. Indeed, in retrospect, it has become increasingly apparent that on strategic matters generally there was a profound gulf separating the president from his administration. Mr. Reagan seems to have had little if any regard for the finer points of nuclear strategy and he has shown little awareness of the developments in the evolution of nuclear strategy. Apart from an occasional lapse, he persisted in entertaining the view that prevailed in the 1950s to the effect that if a nuclear war between the superpowers were to start it would not be subject to meaningful limits. This view made him relatively indifferent to the strategic issues that occupied his administration in its early years, and above all the credibility issue. While he did lobby hard in the beginning for the MX missile, he showed little awareness of or concern for the interests that were presumably at stake here.

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That he understood the difference between the Carter Administration's "countervailing" strategy and his own administration's strategy of "prevailing" seems doubtful (a distinction that is, in any event, very thin). Nor, as Reykjavik indicated, did he appear to grasp the logic of extended deterrence and the requirements this logic imposes.

What the president clearly did understand was his deep antipathy to nuclear weapons and to the strategic arrangements of mutual deterrence these weapons had generated. This had significant implications for the positions he ultimately took and defended on arms control.

Reagan came to office condemning the arms control efforts of the 1970s. Since most of his political associates were deeply skeptical of any and all arms control agreements that might be entered into with the Soviet Union, it was generally assumed that Reagan shared this position. Arms control agreements, it held, will be entered into by the Soviet Union only if consistent with Moscow's political objectives, which are to extend Soviet power and influence at the expense of the West. Unfortunately, however, public hopes and expectations require that a receptivity, in principle, to arms control agreements be shown. Accordingly, the Reagan Administration fashioned a strategic arms control position, though one designed to reflect the conservative position with its insistence on deep cuts and intrusive verification procedures—features, it was confidently expected, the Soviets would not accept. The initial Strategic Arms Reduction Talks (START) proposal of the Reagan Administration incorporated these features.

Whatever the motivation of Reagan Administration officials, it is now reasonably clear that the president's motives were quite straightforward. If the Soviets were to accept deep cuts and intrusive verification, he was ready to move toward an agreement. The president took his negotiating position seriously and at face value. He did the same with respect to the zero option, initially put forth as a basis for an agreement on intermediate-range nuclear forces. When several years later the Soviet government did the unexpected and accepted, in principle, the negotiating positions of the administration, Reagan's positive response was, to the deep distress of many supporters within and without his administration, simple and straightforward. He concluded an INF agreement in December 1987 and moved quite far toward concluding a START agreement.

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A similar straightforward motivation explains the consistency of his attachment to strategic defense. Mr. Reagan introduced SDI at a time of great tension between this country and the Soviet Union, a time when the prospects for arms control agreements between the two countries seemed very modest. Against this background, as well as against the background of the conservative indictment of both arms control and mutual deterrence, SDI appeared as an effort to redress a pervasive political pessimism about the future by holding out the prospect that technology would enable us to escape the consequences of pessimism. The long-term promise of SDI was to enable us to transcend altogether the detested system of mutual deterrence and to do so by our own unilateral efforts.

In the years that followed, however, the prospects for arms control steadily and unexpectedly improved. Yet the president's commitment to SDI remained constant, probably because it was never primarily dependent on these changes, and because Reagan's technological optimism was not simply a reflection of what earlier seemed to be his political pessimism. Although he subsequently developed into a political optimist about Soviet-American relations, his faith in and enthusiasm for SDI remained unchanged. It did so because he viewed nuclear weapons as a great threat and evil in and of themselves.[1]

At the close of Mr. Reagan's second term SDI remained uncertain in promise. Undertaken in order to escape mutual deterrence and to recapture a historical security position, SDI may have the effect of further eroding the faith that was once placed in deterrence, but without providing a reliable alternative in which to believe. It may well be, as many contend, that we are still only at the beginning of a lengthy defensive transition which at the end will be found to have paid off. But if the end result nevertheless falls far short of the initial promise and finds us very much in the same world of mutual deterrence, what effect will this have on a faith that was called into question by SDI?

In the interim SDI may not only constitute one of the principal obstacles to progress in arms control but a continuing source of strategic instability. There is no assurance that what appears today as a more relaxed attitude toward SDI by the Soviet

[1] This, at least, was the primary reason. He also continued to insist on the need for SDI as an insurance policy against the possibility that an agreement eliminating all nuclear weapons might one day be broken. Without SDI, we would then be at the mercy of the lawbreaker.

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government will persist. That attitude rests on no firmer foundation than a set of Soviet expectations about the behavior of the incoming administration and the Congress.

VIII

If the Reagan legacy with respect to nuclear weapons and deterrence is an ambiguous one, the same cannot be said of his attempt to reconstitute the domestic base of foreign policy. Here he has clearly failed. This failure appears in striking contrast to the success he generally enjoyed in foreign policy, and it merits particular censure because it represents an evasion of the reconstitution that might have been successfully sought yet was not. While leaving the nation in a security position that was much improved over what it had been at the outset of his tenure, he did not change for the better the underlying conditions sustaining foreign policy. Instead, the result of his presidency has been to weaken further those conditions.

Although Mr. Reagan came to office intent on making the reconstitution of the domestic base his highest priority, he did not restore the pre-Vietnam consensus and indeed made no serious attempt to do so. That consensus rested on a generally shared understanding of the security interests for which force might be employed. But what is more important, it also rested on the assumption that the executive was the ultimate authority in determining when a threat to vital interests, justifying force, had arisen. Deference to the judgment of the president was the critical element of the old consensus. On this principle that the president must be deferred to in matters of national security the entire postwar structure had been built. Finally, a third element followed from the first two. The pre-Vietnam consensus had rested on a notion of sacrifice, a notion that was given operational meaning by the same institution that enjoyed the deference of the public and Congress in deciding when a threat to vital interests had arisen.

The cold-war consensus in foreign policy has been regularly idealized in the years since Vietnam. It seldom operated with the smoothness and efficiency that so many now imagine. What is more important, it did not consistently produce a foreign policy that by comparison with what has followed we can only envy. The policy successes of this earlier period were surely due in large measure to other advantages we no longer enjoy, above all our relative power position. Nor did the old consensus always issue in success. It could also lead to failure, as it did in

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Vietnam. What is relevant here, though, is not the merit of the old consensus, or the desirability of its restoration, but the fact that Mr. Reagan made no real effort to restore it. On the contrary, apart from a few notorious—and largely unsuccessful—exceptions, he respected the constraints on presidential power that emerged in the post-Vietnam period. Rather than attempt a restoration, he sought to reconstitute a domestic base that, while staying within the post-Vietnam limits, would nevertheless serve in the 1980s as roughly the functional equivalent of the cold-war consensus.

The principal feature of this reconstitution was, of course, the re-creation of a dominant public outlook that once again viewed the use of American power with neither suspicion nor guilt. What Reagan succeeded in doing was to treat the nation's psychic malaise resulting from Vietnam, to evoke a new sense of collective self-respect and to restore the conviction that America was a force for good in the world. If this was no small achievement, it is still not to be confused with the earlier cold-war consensus.

A new spirit of "feeling good" about America otherwise implied slight resemblance to the nation of yesterday. That the nation once again felt good about itself did not mean that the divisions which had arisen since Vietnam over what justified the use of force had now been overcome. They had not, as the bitter and continuing controversy over the administration's Central American policy all too clearly indicated. Nor was there a revival of a disposition to see the president as the ultimate authority in matters of national security and, accordingly, entitled to the deference of the Congress and public alike. Despite Mr. Reagan's great personal popularity, he was not shown the deference on such matters that his cold-war predecessors had received. Here again, Central America is an instructive example.

In these respects the cold-war consensus remains a thing of the past. So, too, the spirit of sacrifice it evoked remains a thing of the past. Reagan certainly made no effort to recapture this spirit. Instead, his message was that sacrifice was unnecessary and that the nation might aspire to great ends without having to endure arduous means. This president was not the first to carry such a message to the nation. There is perhaps no more venerable a tradition in American foreign policy than that of willing ambitious ends while refusing to entertain the necessary means. What distinguished Mr. Reagan in this respect was that

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he carried a very old tradition to new heights. To an extent that is probably without precedent, he has severed the connection between ends and means in foreign policy. What is more, it is this very disjuncture that has formed the essential element of his reconstituted domestic base. From the outset, the great appeal of the president's policies was that they demanded so little of the public while promising so much. Mr. Reagan appeared almost to have reversed the lesson that in foreign policy, even more than elsewhere, great achievement can only be undertaken at great sacrifice. In foreign policy, the promise of the past eight years has been one of an inverse proportion between benefit and cost. More than anything else, it is on this promise that the new public consensus, such as it is, appears to rest.

Thus the principal Reagan legacy in foreign policy may well be just this: that the nation's 40th president transformed what had been a disposition not to pay for the American position in the world into something close to a fixed resolve not to do so. If there is a consensus today in foreign policy, this must be regarded as its central tenet. A disposition to want more than the nation was willing to pay for has of course characterized American policy since the beginning of the postwar period. It may be seen, for example, in the recurring assumption that economic growth rather than increased taxation would provide the means for meeting increased military expenditures. Even so, a marked reluctance of governments to propose, and the public to accept, sacrifice had limits. Mr. Reagan, principally by his recurring budget deficits, clearly broke from the constraints that had previously governed American security policy. In doing so, he did away with what was at least the qualified realism that had characterized the compromises of the past. In its place, he put the wants of the public, which have been to keep but not to pay. The most unfortunate feature of the Reagan presidency, as it relates to foreign policy, has been the president's persistent refusal—or perhaps his inability—to confront the public with the simple truths governing the nation's position. In his relationship to democracy, in his responsibility to tell the public what it does not wish to hear but should hear, Mr. Reagan visibly failed. It is with the consequences of this failure that the new administration will find its greatest challenge.

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Paul Johnson

EUROPE AND THE REAGAN YEARS

The 1980s have been a good decade for the West. For the United States and for Europe alike they have been years of growing prosperity, reassurance and stability. The 1960s were a decade of illusion and baseless fantasies of utopia; the 1970s were a decade of disillusion, shattered hopes and rising fears. The 1980s have been a decade of realism, in which the affairs of the world, and of the West in particular, have been placed on a firmer, more concrete foundation.

These years have been marked, above all, by a return of confidence in the disciplines and rewards of the market system and a corresponding collapse of faith in collectivist solutions and the capacity of command economies to deliver. Capitalism seems to have recovered its entrepreneurial vigor. Marxist socialism appears to be dying, except perhaps in that home of lost causes, the university campus.

In all these developments Ronald Reagan has played a significant role: sometimes mostly as a symbol or figurehead, sometimes as active agent. It is impossible to imagine the 1980s without him. Future historians may call it the Thatcher Decade; they may even be tempted to call it the Gorbachev Decade. But it is far more likely, in my view, that they will settle for the Reagan Years. For it is the genial character of this unusual man, reflecting his attractive blend of naivety and wisdom, which has given an unmistakable coloring to a decade in which the peoples of the West felt better off and more secure.

This is more than a subjective impression; it is based on solid reasons. We have learned one lesson in the last half-century: the well-being of the world depends, above all, on the sensible pursuit of common aims by the United States and the free European peoples. That the Japanese are rapidly transforming this relationship into a triangular one goes without saying. But the U.S.-European axis remains the fulcrum of stability, and the Europeans know it: it is the one fixed point in their

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geopolitics. For this reason they are remarkably dependent on the workings of the American system, and the character of the man it places in the White House.

II

The Europeans favor a strong president: that is, a man strong enough in himself, and in his relations with Congress, to accept and discharge the international responsibilities which America's enormous power has thrust upon it. Most Europeans agree that the central tragedy of their history in the early and mid-twentieth century was the reluctance of the United States to participate in Europe's affairs. What they fear most is a return to American isolationism. So they want a president who accepts global duties and takes firm decisions, even though they may not always agree with them.

They have much more confidence in the White House than they have in Congress. They watched with dismay the decline of presidential power from the last years of Lyndon Johnson's Administration onward. As the Europeans see it, Johnson, initially a strong and outward-looking president, was broken on the fiery wheel of Vietnam. Richard Nixon, another strong president with broad global views, was sunk by Watergate, an episode the Europeans were never able to take seriously. Gerald Ford was an appointee without an elective mandate. For Europeans, Jimmy Carter was an unfortunate aberration of the electoral system, a product of a bad time, mired by the overwhelming nature of the problems he lacked the strength to tackle. By the beginning of the 1980s America had experienced four disabled presidents in succession.

In European eyes, indeed, 1980 was the nadir of the postwar American presidency. Carter was not dismissed as contemptible; he was given credit for his one undoubted personal success, the Camp David agreements. But he was seen as inconsistent and wavering.

The image of Carter was fixed by his handling of the Tehran embassy hostage crisis: his weakness, which allowed the situation to develop in the first place, was followed by an indecisive and vacillating response, and then by a sudden gamble on a rescue mission that ended in ignominy. This humiliating episode cast doubt, not least, on American technical competence, which had once seemed so unchallenged, and was greeted in Europe not with derision but with genuine anxiety. The Carter presidency was seen as the culminating point in a process of

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White House decline that had begun in 1968, and he himself as a man who did not know how to handle the Soviet Union.

During the 1970s Soviet moves in Africa and Asia had become bolder and more heedless of American reactions, and Europeans were worried that Carter, driven beyond endurance by Soviet presumption—as in the invasion of Afghanistan—might abruptly and without consulting them unleash a disproportionate response. European confidence in the good sense of American leadership was low, and in the wake of Afghanistan, 1980 was the first year since the Cuban missile crisis when war seemed possible.

III

I have dwelt in detail on European anxieties about the Carter Administration because it helps to explain the feelings of relief which quickly asserted themselves once Ronald Reagan took over the White House. He appeared a man of few but strong and simple ideas, firmly held and confidently executed. Unlike Carter, Reagan had both a political philosophy and a world outlook, both of them quite clear, in relation to which Europeans could orient themselves. He did not hesitate, he acted. He was consistent. He was usually predictable. The lines of his policies rapidly became distinct.

He thought Russia was winning the arms race. So he rearmed with all deliberate speed and on a considerable scale. He thought Russia and its surrogates had made unacceptable territorial gains during the 1970s. So he set about reversing these gains where possible and made it plain beyond any possibility of misunderstanding that any further attempts to advance would be resisted from the start. He thought the nuclear balance in Europe had been upset by recent Soviet deployments. So he set about restoring it with the deployment of American cruise and Pershing missiles in Europe.

These actions won broad support in Europe, not least because of the self-confidence with which they were taken. It is remarkable, looking back on it, how quickly Reagan contrived to reestablish the concept of American leadership of the West as inevitable and right, part of the natural order of things. He was helped by the friendship, based on a general identity of views, that he rapidly established with Margaret Thatcher, already emerging in 1981 as the most influential of the European leaders.

But Reagan's personal appeal was very wide, affecting Eu-

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ropean politicians who in no sense shared his basic ideological assumptions. One senior European Socialist leader, after his first meeting with the president, observed wryly: "It is very hard indeed to dislike that man." Reagan also appealed to the general European public. He was soon seen as a man of goodwill, who meant well and had a proper appreciation of Europe's dignity. He was regarded as trustworthy, if not always well advised.

His appeal in Europe never approached the intensity of the glamour radiated by John F. Kennedy. But it touched a much wider audience. Kennedy mesmerized the elites (or some of them) and especially the intellectuals, who were the group least pervious to Reagan's charm. But Reagan was liked by ordinary people, especially those anxious to get on and better themselves. He was, and is, identified in Europe with the pristine American spirit of self-reliance, endeavor and determination to make the most of God's bounty. For Europeans he stands not indeed for the New Frontier, now the vaguest of fading memories, but for the Old Frontier, a perennial and attractively concrete image.

In many ways Reagan recalled Dwight Eisenhower in the friendly feelings he evoked in a wide variety of ordinary Europeans: as with "Ike," many jokes were made at his expense, but they were tolerant, unmalicious jokes. But Reagan has been more popular than Eisenhower, who aroused, at least for a time, bitter feelings in both Britain and France for the deliberate steps he took to frustrate the Anglo-French Suez expedition in 1956. By contrast Reagan was seen as a president who was willing to put the interests of his European political partners, when need be, above global considerations. This was illustrated by the discreet but generous assistance he afforded to the British Falkland Islands expedition in 1982, something the British will not soon forget and which all Europe noted with approval. The fact that Reagan was under pressure from Latin America and some of his own close advisers to remain strictly neutral greatly enhanced his action in European eyes. The Germans and the French were led to believe that, *ceteris paribus*, he would do the same for them.

IV

An equally important factor in the European acceptance of Reagan's leadership was his success in restoring dynamism to the American economy. A brashly self-confident America may

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sometimes seem tiresome to Europeans. But they rightly much prefer it to the America they experienced in the 1970s—visibly declining in relation to the rest of the world, losing its self-respect, edgy and so unpredictable. Superpowers in decay are dangerous animals, and Europeans therefore welcomed the return of American prosperity, exuberance and optimism. They were particularly impressed by Reagan's reversal of the 1970s' relative decline in productivity, and still more by his success in creating millions of new jobs—all the more remarkable in a period when Europe was suffering from heavy and prolonged unemployment.

It is true that European governments (as opposed to the European peoples, who were not much interested) were privately, sometimes publicly, critical of Reagan's failure to take effective steps to tackle the two U.S. deficits. Prime Minister Thatcher, in particular, repeatedly voiced her view that the U.S. budget deficit ought to be sharply reduced by forceful measures, such as a substantial tax on gasoline; she made this point with the added fervor of one whose government was running a large and growing budgetary surplus.

But the American deficit in external trade aroused more mixed feelings. For one thing, the Europeans benefited from it, both by selling goods in the U.S. market and by finding it relatively easy to buy into American business. British investment in the United States during the Reagan years was enormous, and other Europeans are now following in the wake of British investors. For Americans who feel uneasy about this development, it is worth pointing out that it is a return to a nineteenth-century pattern, when a rapidly growing America, without a big capital market of its own, had to turn to London and Paris for investment, and remained a large net borrower for many decades. Moreover, the flow of capital is by no means one-sided, since U.S. corporations, such as Ford, continue to make huge investments in Europe. The way in which Europeans (as well as Japanese) have taken up U.S. deficits reflects the growing interdependence of the world's financial, business and investment communities and is seen in Europe as a further guarantee against American isolationism.

Even those inclined to criticize Reagan for complacency about the trade deficit recognize that it is far preferable to the obvious alternative, protectionism. Throughout his tenure, Reagan was admired in Europe for the tenacity with which he stood by the principles of free trade, especially at a time when

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it would have been easy and politically profitable to bow to protectionist pressure. His commitment to the development of a world market was seen as an important aspect of his internationalism and his acceptance of global responsibilities. His support of free trade was particularly important to those, like Chancellor Helmut Kohl of West Germany and Prime Minister Thatcher, who are determined to ensure that the single European market, when it comes into existence in 1992, will itself be outward-looking rather than exclusive. Some members of the European Community are still high-tariff-minded. But Reagan's refusal to contemplate the notion of a Fortress America in trade, or in anything else, makes it far less likely that a mercantile Fortress Europe will develop in the 1990s.

In any case, the U.S. deficits, though worrying, were seen in Europe as flaws in an otherwise remarkable American economic recovery. This recovery had geopolitical consequences. It was the most important single factor in the restoration of faith in the market system. Glib phrases like "post-capitalism" and "post-industrialism," so common in the 1970s, passed out of fashionable and academic usage. Moreover, the U.S. economic performance was equally effective in precipitating the crisis of socialism that in some ways was the most significant event of the decade.

V

The Soviet bloc had been spurred on in the 1970s by the widespread belief that the U.S. economy, the keystone of Western capitalism, was in rapid relative decline. The Reagan prosperity upset all these predictions. In January 1988, *Discriminate Deterrence*, the report of the President's Commission on Integrated Long-Term Strategy, was able to report economic projections for the year 2010 (the limit of reasonable prediction), showing the United States with a GNP close to $8 trillion, followed a long way behind by China and Japan, each with GNPs of less than $4 trillion, and the Soviet Union bringing up the rear with a GNP of under $3 trillion.

These projections emphasized, contrary to the belief induced by such alarmist studies as Paul Kennedy's *The Rise and Fall of the Great Powers*, that the kind of rearmament program carried out by the Reagan Administration was sustainable—indefinitely, if necessary. In fact by 1988 it had become clear that the image of a great power in decline fitted the Soviet Union rather than the United States. In European eyes the readiness

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of Reagan's America to rearm had a decisive effect on Russia at two levels, each of them important. First, the evident unwillingness of America to allow Russia to develop a significant lead in strategic weapons, signified by the deployment with European agreement of the cruise and Pershing systems, was the critical factor in forcing the Russians to negotiate seriously. There are certain European reservations about American views of negotiated weapons reductions, which briefly surfaced immediately after the 1986 Reykjavik summit. But in general the Europeans and the Reagan Administration were at one in believing that an effective disarmament process could only begin from a position of strength, and Reagan's policy demonstrated the truth of this beyond contention.

It was for this reason, springing as much from a psychological point as from military argument, that the Europeans were prepared to accept the Intermediate-range Nuclear Forces (INF) Treaty. In general, Europeans are averse to agreements limiting or reducing nuclear weapons that are not accompanied by corresponding measures to cut the overwhelming preponderance of Soviet conventional forces in Europe. The actual terms of the INF treaty, as well as the principle underlying it, aroused serious private doubts among various European political and military leaders. But all were prepared publicly to accept it because they had confidence, in general, in the kind of leadership Reagan had reestablished in Washington and were reassured by the overall level of U.S. armament.

European reservations about the wisdom of cutting intermediate-range nuclear forces on the Continent were further reduced by the Soviet decision, announced by Mikhail Gorbachev at the United Nations last December, to make a unilateral cutback over two years in Soviet conventional troops and weapons facing NATO. This was greeted with general satisfaction and was seen as more than just a propaganda ploy. The precise way in which the West should respond was left to detailed analysis of what the cuts involved, their timetable and arrangements (if any) for verification and, more particularly, what exactly Gorbachev meant by his promise that Soviet forces in Europe would be redeployed to assume a posture of "defensive defense"—seen as by far the most significant item in his package. But right from the start there was general agreement that Gorbachev's move was dictated by weakness, rather than strength, and was another consequence of Reaganite resolution.

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At a deeper level, however, Reagan's rearmament program, accompanied as it was by a resurgence in the U.S. economy, had a demoralizing effect on the Soviet elite. It seems to have persuaded a significant number of leading Soviet figures that the attempt to out-arm and out-perform the West, at any rate within the limitations of the production system they had inherited, was hopeless. A new way had to be found, and its direction lay in internal reform of a fundamental nature.

Thus the concept of perestroika was born, not merely of internal shame and exasperation at empty shops and shabby conditions, but of an external recognition that their chief ideological competitor, under Reagan's leadership, was far more formidable and durable than they had supposed. Without American dynamism in the 1980s it is highly unlikely that the Soviet leadership would have set out on the unknown, risky and potentially disastrous road of reform. As it was, they felt they had no alternative. This American challenge, and Soviet response, may well turn out to be the leading development of the last decades of our century. If so it will indicate once again the importance of will in politics. For the Reagan Administration's decision to rearm was essentially an act of will—the will of one simple, single-minded man.

In the last two years, indeed, a strong feeling has developed in Europe that the Soviet Union, after engaging in an acquisitive offensive throughout the 1970s, has been slowly but surely turned toward the defensive during the Reagan years, and in part at least as a result of U.S. policies. The problems for Europe which will arise when and if the Soviet empire breaks up or even frays at the edges are daunting, of course, but that is another story. What is clear is that Reagan brought about for the West a major strategic success.

VI

Against this background, therefore, the foreign policy decisions of the Reagan Administration that were most controversial in the United States seemed comparatively trivial to Europeans. The U.S. invasion of Grenada in October 1983 aroused, at the time, great indignation in some British quarters, notably in the affronted breast of Mrs. Thatcher. It was the one time in eight years when she was actually angry with, as opposed to critical of, Ronald Reagan. But other European powers did not care much, and Mrs. Thatcher herself soon calmed down, when the evidence for the necessity for American action emerged,

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and its popularity among West Indians became manifest. In time she came to see that Reagan had been right, though she never admitted it to him.

The bombing of Libya in April 1986 was a different matter. Initially at least, Britain was the only European power that officially and publicly supported it, though others (especially the Germans and Italians) were privately grateful. But attempts to moralize about American behavior soon collapsed, especially when it was seen that the strike against Colonel Muammar al-Qaddafi had had a perceptible, though limited and perhaps transitory, effect on his terrorist activities.

The difficulty for the Europeans was to trace any underlying consistency in America's attitude toward terrorism. At the June 1984 Washington Conference on International Terrorism, sponsored by the Jonathan Institute, Secretary of State George Shultz gave a positive and unqualified assurance that the United States would never negotiate with terrorists. He was obviously sincere, but at the very time, unknown to him, other officials in the administration were engaged in the activities which produced the Iran arms affair.

In European eyes, the clandestine efforts to get money to finance the contras were in no way scandalous; indeed they were legitimate in view of the failure of Congress to supply the means whereby a president, elected to defend American interests, could discharge his duty to the nation. What saddened the Europeans, especially the president's warmest admirers, was the evidence that the White House, whether with Reagan's knowledge and blessing or not, had done an ignoble deal with terrorists or their sponsors. That was hard to forgive, and has not been forgiven, though it is sensibly placed against the perspective of his general prudence and success.

Indeed it is an illuminating fact that Reagan's more questionable actions, including his obvious mistakes, aroused remarkably little resentment in Europe. The period was notable for a sharp and sustained decline in anti-Americanism. It seems to have largely disappeared except on the university campus where, like Marxism, it lingers on, a curious survival from the past. Elsewhere it has proved remarkably difficult for the far left to assemble a rent-a-mob and march on an American embassy. The reasons for this change of mood are not entirely clear. Europe is doing well and there is less reason to feel jealousy and resentment at American prosperity. But equally

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important, I suspect, has been the actual handling of American foreign policy in recent years.

Reagan has given the impression of genuine firmness in meeting any serious threat to what he conceives to be America's, or the West's, interests. But he has been extremely adept in finding alternatives to committing American forces, except on a temporary basis. He has spoken, on the whole, quietly; he has, to be sure, carried a bigger stick; but he has shown himself reluctant and judicious in using it. These points have not been lost on Europeans.

Nor, finally, can we ignore the effect of personality. Reagan, over eight years, has been seen a good deal on European television. The impression he contrived to give can be summed up in one word: reassuring. He was, Europeans surmised, not a man to plunge the world into nuclear war, or to do anything precipitate, aggressive or reckless. They saw him as an old man with much sense and some wisdom. And they warmed to him. They, too, found him hard to dislike.

This important personal contribution which Reagan made to his role as leader of the West will not make George Bush's task any easier. So far as Europe is concerned, Reagan's act will be hard to follow—though there is certainly no lack of goodwill toward Bush himself, who is known and liked among the elites.

His presidency begins, however, with one salient advantage—itself part of the legacy Reagan has bequeathed—which has a direct and special bearing on the situation in Europe. In 1981 when Reagan entered the White House, the Soviet Union, its empire and satellites, formed a monolithic bloc, solid and stable, not to say immobile, locked into a seemingly immutable system of ideological discipline and internal order. From this secure base the Soviet leaders could take initiatives and, to a great extent, set the agenda for action all over the world. The United States, by contrast, was a responsive power.

Today this situation has changed fundamentally. It is the Soviet Union that is now a country in internal ferment, the troubled center of a system whose ideology is under growing challenge and whose order suddenly looks vulnerable everywhere. Abroad, its leaders have lost the initiative. At home, their agenda is increasingly determined not by their will but by the multiplicity of long-suppressed problems which now demand solutions. With little warning, the whole of Eastern Europe is entering an era of unpredictable change.

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The situation has its dangers, for the immediate origins of two world wars lay in the ethnic disputes of Eastern Europe, now rising to the surface again. But it also has its advantages, for George Bush in particular. He can set about building on Reagan's legacy with the reasonable certitude that the Soviet leadership, for the time being at least, has neither the time nor the energy—nor even, one suspects, the inclination—for acquisitive geopolitics. No American president in modern times has begun with such an advantage, and Europeans will judge Bush on the finesse with which he makes use of it.

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Norman J. Ornstein
Mark Schmitt

THE 1988 ELECTION

In 1988 a Republican won the presidency for the fifth time in the last six tries, and for the seventh time in the last ten. In the past six presidential elections—over a quarter-century—Democrats have averaged approximately 43 percent of the national popular presidential vote. Over the past *forty* years Democrats have managed to exceed 50.1 percent of the popular vote only once, in 1964, in the wake of the Kennedy assassination.

The American public is sending a message with its voting behavior. Is it a profound message about what Americans want in their government at home and how they want America represented and projected abroad? Or are they separate messages for individual elections, unique reactions to specific circumstances that happen to mesh into a pattern of Republican hegemony? The answer is not at all clear, but which answer is correct matters less than which answer prevails in the interpretation of the 1988 vote.

The approach that each political party takes toward governing during the new administration comes down to whether the 1988 election is viewed as a seminal event involving a significant choice between two well-matched opponents, or a predictable and narrow victory for continuity over change. The more significance each party assigns to the outcome of the election, the more aggressive that party will be in the branch of government it controls.

Even before the results were in, the media seemed to decide the election was not important: "issueless," "personal," "trivial," "negative" were the usual expressions of disgust. There was a good deal of overstatement here, and it will take some time before we can fully understand the significance of 1988. In this essay we will try to put the election into context,

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examining the issues discussed and ignored, using the election to frame an analysis of the policy battles, options and outcomes ahead.

II

The analysis of American elections has become a cottage industry. Politicians, psephologists, pundits and press vie with one another first to predict election results and then to interpret them. One large school of analysis, bolstered by sophisticated mathematical models, believes that two simple factors can predict election outcomes: the state of the economy (measured by changes in real income levels) and presidential popularity. This school believed months before the campaign began—and without regard to what might happen through the fall—that George Bush would win by a very comfortable margin because of the economy and Ronald Reagan's public standing.

Another school of analysis believes that Democrats are losing presidential elections not because the results are predetermined by circumstances, but because the party is losing the battle of messages; the Democratic nominating process pulls candidates too far left of center, and they end up outside the acceptable range for a majority of voters. This school would accept George Bush's characterization of the campaign as a battle of values, which he won because of voter skepticism about the role of the government, fear of crime, belief in a strong defense and the need to project a strong American role in the world.

Yet a third school believes that Democrats lose presidential elections because they nominate amateurish candidates who run inept campaigns. For them, the ultimate irony in 1988 came when Michael Dukakis proclaimed the election to be not about ideology but about competence—and then ran an incompetent campaign. To these analysts, the Democratic Party has lost control of its nominating process and has appeared unable to get its act together—from Chicago in 1968, right up to Dukakis and his struggle with Jesse Jackson in 1988. They argue that the Democratic message would work, in other words, if the party could nominate somebody who could run an effective campaign and articulate that message.

There is truth in each explanation. Every American election is to some degree a referendum on current conditions. The innate American desire for change conflicts with the cautious yearning for continuity; the current status of peace and/or

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prosperity usually tips the balance one way or the other. With the economy recovering and the world at peace, voters in 1984 clearly preferred continuity, giving challenger Walter Mondale no realistic hope of unseating Ronald Reagan.

In 1980, by contrast, the deteriorating U.S. economy and concern over the hostages in Iran combined to provide a strong desire for change; as soon as Reagan, as Republican challenger, showed the American public that he was above the threshold of acceptability to be president, his victory over incumbent Jimmy Carter was assured.

This analytical model obviously holds better when an incumbent president is running for reelection, and the referendum on performance in office is clear-cut. When no incumbent is running, as in 1960 and 1968, simple indicators of economic performance and presidential approval do not work as directly, and the results are not so predictable. Eisenhower's popularity did not extend to Vice President Richard Nixon in 1960, and Vice President Hubert Humphrey was not buoyed by the healthy economy in 1968. Still, almost inevitably, the candidate of the incumbent party runs as a candidate of continuity. Vice President Bush was more successful than most of his predecessors in linking his fortunes to the outgoing president's popularity and to the strength of the economy.

In July 1988, when Michael Dukakis enjoyed a double-digit lead over George Bush, nearly three-fifths of Americans polled expressed the belief that America was heading in "the wrong direction." By September of 1988, when only 45 percent of Americans held that view, it was Bush who held a double-digit lead. (Over the same period, incidentally, Ronald Reagan's approval gained ten percentage points.) As one journalist noted, "the amount of peace and prosperity was the same in July as in October," but in fact public confidence in the prospects for continued peace and prosperity had dramatically improved, making the task of the candidate of change, Governor Dukakis, ever more daunting.

Daunting, but not impossible. Americans, after all, were divided right down the middle about the prospects for the country's future, and similarly split over the leadership qualities of Vice President Bush. Yet many voters who harbored misgivings about Bush ended up voting for him. Why? Values *did* make a difference. When Dukakis held the lead, Bush was notably lacking support among groups generically referred to as "Reagan Democrats" and "Reagan Independents." In a

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major post-election Gallup poll for Times Mirror, these groups—notably, "New Dealers" (older and more anticommunist and socially conservative Democrats) and "Disaffecteds" (middle-aged, unhappy and cynical independents)—had moved perceptibly to Bush, and in numbers nearly comparable to their support for Reagan. These voters were brought into the Republican presidential fold for the third consecutive time by perceptions that Dukakis would be weak on defense and crime and would be on the wrong side of social issues such as capital punishment, prayer in the schools and abortion.

On such values as anticommunism, religion and American exceptionalism, the Democratic Party at the national level may well be out of phase with mainstream America. But on other values—e.g., social justice, tolerance toward the life styles of others and its approach to business—the Republican Party is just as likely to be out of step with the majority of voters. It was the hallmark of a competent Republican campaign that the values and issues that dominated in the fall were the ones where Democrats were vulnerable. The relentlessly negative and personal nature of the Bush campaign spotlighted the less popular values attributed to the Democrats and thereby kept the Democrats on the defensive, unable to shift the focus to Bush and the Republicans or exploit the G.O.P.'s vulnerabilities.

What was true of values was also true of certain issues. Consider defense. When asked which party can best maintain a strong defense, or deal with the Soviet Union, voters by a healthy margin picked the Republican Party. When asked which party can best keep the defense budget under control, voters by an equally wide margin chose the Democrats. When tensions between the United States and the Soviet Union are high, issues of strength tend to predominate and thereby provide an advantage to the G.O.P. But in 1988 Bush was faced with the ironic likelihood of being the victim of Reagan's success; Mikhail Gorbachev's glasnost and the Intermediate-range Nuclear Forces (INF) Treaty made the issue of a strong defense less salient and the bloated defense budget more so.

But with clever commercials and tough campaigning, Bush managed to shift the debate back to strength versus weakness, defining the issue much as it had been defined by Reagan in 1980. Bush managed to make Dukakis' perceived weakness on defense a major campaign issue, costing Dukakis votes and putting him on the defensive, forcing him to insist he was not weak on defense.

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Dukakis' notorious ride in a tank was a direct response; it was so contrived that the film footage was used by the Bush campaign in one of its most pointed commercials. Moreover, while trying to prove his military toughness, Dukakis was unable to exploit the public's unease about defense procurement scandals or defense waste to drive votes from the Republican column into his own.

Since the 1950s polls have shown that the Republicans have an advantage on the question of which party is better able to maintain a strong defense; the Democrats have prevailed on the issue of which party would keep the nation out of war. During the Reagan years, the G.O.P. maintained its advantage on the first question and reversed the public view of the parties on the second, leaving the Democrats behind in public opinion in *both* traditional dimensions of foreign policy. But, as we have noted, neither of these issues was quite as salient in 1988 as in the past. Nontraditional dimensions of foreign policy began to emerge, dimensions in which the Democrats hold a solid advantage in public opinion. Defense waste, though a narrow issue, is one; economic nationalism, a much more far-reaching dimension, is another.

The early success of Missouri Congressman Richard Gephardt in the Democratic primaries was not simply a reflection of narrow protectionism among a small sliver of activist voters. Gephardt tapped into a considerable and deep unease among Americans about foreign competition—both the sense that we no longer control our own economic destiny, and the belief that we are being damaged by countries taking advantage of our commitment to free trade, playing by a different set of economic rules. In June 1988 an "Americans Talk Security" poll asked voters whether they considered "military rivals such as the Soviet Union or economic rivals such as Japan" to be greater threats to American security. Fifty-nine percent said the economic rivals posed the greater threat.

In a country overwhelmingly averse to new taxes, Times Mirror found 71 percent of Americans favoring tax increases to protect American jobs from foreign competition. Senator Bentsen made foreign competition the centerpiece of his campaign for the vice presidency and the focal point of his successful TV debate with his opponent, Senator Quayle. But Governor Dukakis was unable or unwilling to focus on this issue until the final weeks of the campaign, and even then he did so ineptly (he launched an attack on foreign ownership of U.S.

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industries at an automotive plant that no one had told him was owned by Italians).

On these matters, as well as on the drug issue, which became linked to foreign policy and the campaign through Panamanian General Manuel Antonio Noriega, the Republican Party and Bush were vulnerable, but the Democrats never exploited these vulnerabilities. The election became a referendum on the failed policies of the governor of Massachusetts, especially in his first term more than a decade ago, rather than on the performance of the incumbent administration or the leadership or judgment of the G.O.P. nominee.

It thus becomes difficult to separate the Democrats' vulnerability on values and issues from the competence of their presidential campaign. There is little doubt, on balance, that the Republicans and their candidate maximized their advantages and seized the initiative in the campaign, and that the Democrats, while facing the difficult task of persuading a complacent and satisfied electorate to take a plunge for change, forfeited a real opportunity for victory.

There is enough uncertainty and disagreement about the cause of the election outcome, though, to dissuade either party from full-scale, aggressive assaults on the other; each will be off-balance and unsure enough about its standing with voters, given both the 1988 outcome and the prospects for 1990, to proceed with caution despite calls for combat from activists. But each party will also be eager to claim policy leadership in 1989, to demonstrate that its people and principles, and the branch of government that each party controls, are leading the way while the other side founders.

The campaign itself did not provide the cutting issues that would have defined the competition for control of the agenda in 1989. Instead, the issues that dominated the campaign will scarcely be visible in the policy arena; other issues, downplayed in the campaign or emerging since the election, will be much more significant in the year to come.

III

Whatever the causes of the election outcome, the hallmark of the presidential campaign was its intensely personal character. American voters expressed dismay at the harsh nature of the campaign; many saw it as the most negative in memory. The issues that dominated public attention were the Pledge of Allegiance and prison furloughs for violent criminals; while

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these themes did indeed tap into significant underlying values, they were not the issues that commentators would expect to be the centerpiece of a presidential campaign.

The 1988 American campaign stood in dramatic contrast to two other national election campaigns conducted at approximately the same time in other countries. In Israel an overriding question—participation in an international peace conference—divided the two main political parties and served as the campaign's centerpiece. In Canada the election turned on the free trade agreement with the United States; surrounded by intense debates about nationhood and national identity, the parties divided so starkly on the bilateral free trade agreement that the election was a clear referendum on this one point.

There was nothing even remotely comparable in the United States. No crucial issues cut along party lines. The starkest differences between Democrats and Republicans, Dukakis and Bush, were on two issues barely discussed, aid to the Nicaraguan contras and the Strategic Defense Initiative (SDI). These were hardly at the level of a peace conference for Israelis, or a free trade pact for Canada, and they did not divide the parties nearly as sharply. Israel's Labor Party favored an international peace conference, while Likud was just as implacably opposed. In Canada the ruling Progressive Conservatives vigorously and totally defended the free trade agreement, while the Liberals and New Democrats completely opposed it. Compare those issues with aid to the contras: the Democrats opposed military aid but hedged their bets, supporting some humanitarian aid and the Arias peace plan; as for SDI, the Republican candidate hedged about rapid deployment and the Democrat criticized the concept, but supported continuing research.

The absence of deep partisan divisions on global controversies need not make for an "issueless" election, and a campaign that is not dominated by "big" issues can still shape the policy climate, decisions and outcomes for the next four years. Many of the real issues in the campaign were masked by the negative overtones and by the overall consensus on goals, if not means; indeed, in several respects, the 1988 election was not about *what* our government should do, but *how* it should do it. No candidate suggested ignoring the budget deficit, or resolving the deficit problem with a substantial increase in taxes. Both candidates pledged to extend government modestly to address the demand for health care, environmental protection, improved education, affordable housing and alleviating the drug

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problem. Neither candidate suggested abandoning the course of rapprochement with the Soviet Union; the question was how rapidly and extensively to proceed.

There were differences between the candidates, to be sure, on American-Soviet relationships—differences that were in fact debated in an enlightening fashion. Dukakis argued the view that changes in Soviet policy came about primarily because of the country's own economic problems; Bush contended that the Reagan Administration's arms buildup, and particularly the deployment of Pershing missiles in Europe, precipitated the most significant arms agreement in history. These differences reflected distinct policy choices; President Bush will be far more insistent than Dukakis would have been about continuing to fund nuclear weapons systems, and continuing to keep pressure on the Soviets by expanding American defenses, including SDI. But either candidate would have vigorously pursued further arms agreements with the Soviets, further cultural and economic ties, and an expanding dialogue and relationship with Mikhail Gorbachev.

The candidates also expressed very different approaches to the broader question of America's role in the world. By referring frequently to Grenada, Libya and the Persian Gulf, Bush suggested that his approach would resemble Reagan's—an assertive projection of America, the superpower, to protect its interests and the interests of the West wherever necessary, and sometimes by the use of force. By referring just as reflexively to the Contadora process, the Arias peace plan and the World Court, Dukakis expressed a preference for a muted American role, one predicated on prior agreement with our allies and partners in multilateral institutions and one governed by acute sensitivity to international law.

Sometimes the candidates did discuss these divergent approaches in their debates and speeches. But it would be a gross overstatement to suggest that the foreign policy differences between the candidates were a decisive aspect of the contest. George Bush's campaign managers fought vigorously to prevent one of the two debates from being completely dedicated to foreign issues, hoping to ensure that Michael Dukakis did not appear to be Bush's equal in command of international questions. For his part, Dukakis delivered very few speeches on foreign or national security policy, and he declined to offer a critique of American actions in Grenada, Libya and the Persian Gulf that might have shown how his foreign policy

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would differ from that of Reagan or Bush. Underlying this was Dukakis' apparent impatience with details in foreign policy; at a briefing on arms control, he reportedly insisted simply that we had too many nuclear weapons and showed little interest in the arcane specifics of how and where that number might safely be reduced.

Both candidates deliberately avoided underscoring their foreign policy differences in the general election campaign, while both had emphasized these topics far more in their campaigns for nomination. Why? One reason was the absence of international conflict or high tension. Under the circumstances, the foreign policy issues available for discussion were abstract and conditional—not subjects likely to grip swing voters in a ten-week general election period. For Bush, the broad theme of peace and prosperity, with an emphasis on prosperity, was more politically expedient than a detailed exposition of future strategic concerns.

During the party primaries, the tactics were different. Foreign policy issues helped Bush energize his party's conservative core, the leaders of which were mostly aligned with other candidates at the beginning. His strong support for SDI, including an openness to early deployment, and a skepticism that went well beyond Reagan's about swift movement of further arms control talks with Gorbachev, were intended to solidify his standing with these voters, who were not his natural base. If he had continued to stress these issues in the fall, Bush might have had to moderate his zeal about SDI or tone down his skepticism about Gorbachev, creating more potential problems with his party's core than gains among swing voters.

Dukakis similarly emphasized issues such as contra aid and South Africa in his campaign for the Democratic nomination, harshly and emotionally criticizing the Reagan Administration policies in order to generate activist support in Iowa and other early primary or caucus states. In the fall, though, Dukakis did not find these or other foreign policy issues to be particularly fruitful ground.

In the broadest sense, it was difficult for the candidate of change to argue for change when the public was satisfied with peace, the INF treaty and basic international stability. More specifically, most of the active opponents of contra aid were solidly in the Democratic corner; little new support could be mined by continuing to stress this issue. An emphasis on Gorbachev and arms control would have been more likely to

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underscore the achievements of the Reagan era than to help Dukakis make the case for change. Finally, a major focus on foreign policy would have called attention to Dukakis' lack of experience in that realm.

Dukakis had some success with voters where he tried to exploit foreign policy by focusing not on ideological or strategic differences but on specific instances of Reagan/Bush failures such as the Iran-contra scandal, Lebanon and Noriega. But his overall defensiveness in the campaign, forced on him by Bush's ability to dominate the agenda, made his jabs less potent and less salient to voters than they might have been if the campaign had been defined in different terms.

IV

While the overt thrust of the Bush campaign was his attack on Dukakis, the campaign's broader message was, "If you've liked the last eight years, you'll love the next four." This naturally meant stressing areas of policy success, not engaging debate on major continuing or festering problems. There was almost no debate on Nicaragua and aid to the contras—an area Bush directly acknowledged had resulted in failure—and no serious or detailed discussion of the "twin towers," the budget and trade deficits. Bush's deficit reduction plan, playing on his broader message, contained no warning of problems or pain ahead, but rather was a combination of his "flexible" budget freeze and the oft-repeated refrain, "Read my lips: no new taxes." That refrain worked. But it may make a post-election resolution of the deficit problem much more difficult.

Bush's campaign reinforced the underlying public desire for continuity and resulted in a vote for the status quo at all levels. Even as Bush won 40 of 50 states, 98.3 percent of incumbents running for reelection to the House of Representatives won, and voters slightly enlarged the Democratic majorities in the House and Senate. As in 1984 any talk of a mandate by the newly elected president was diluted by his party's manifest lack of success in other contests.

Democrats, however, obtained scant comfort from their continuing success in American politics below the presidential level. Losing the top prize in American politics again, in an election that nearly all Democratic leaders believed they could have won—especially after Bush chose Senator Quayle as a running mate—left them bitter and disillusioned. Their frustrations were aimed first at their own candidate, but with

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Governor Dukakis back in Boston, Bush now faces their wrath. Democrats will have no interest in rescuing President Bush from his own campaign pledges, or in helping him out of politically embarrassing situations. With their control of Congress, Democrats have every incentive to advance their own agenda, and to turn Bush promises, e.g., to be "an environmentalist," to their own advantage.

Nor will the new president get much help from the Republicans in Congress. The countercyclical nature of American politics suggests that Republicans will lose congressional seats in 1990, the next mid-term election—a pattern that has held in every off-year contest (except 1934) since the Civil War. The initial euphoria of victory has already subsided for congressional Republicans; they are already looking to protect their flanks in two years. In the House of Representatives, the minority party is almost powerless, and 35 consecutive years of minority status has left the Republicans there deeply frustrated and increasingly bitter about their treatment at the hands of Democratic House Speaker Jim Wright and his colleagues. Every time President Bush works directly with the Democratic leadership in the House, Republicans will complain; but if he ignores that leadership and works instead with the Republicans, he will likely lose.

Faced with these constraints, Bush will have to adapt his presidency to fit the results and the conflicting messages of the campaign and election. In his first hundred days as president, he will need to do what he could not as a candidate—to establish not a mandate but something like an agenda, some objectives by which his administration can be evaluated and judged. Presidents who have defined their administrations by intense achievement in the first hundred days have generally stayed close to home; the New Deal, Great Society and Reagan Revolution all involved domestic enterprises. These presidents saved their international initiatives for subsequent years.

Bush will not have this luxury. A campaign predicated on preserving and extending current policies, combined with the relentless pressure of the budget deficit, eliminates any possibility of embarking on sweeping domestic initiatives. With the savings and loan catastrophe and the massive problems at nuclear weapons plants looming with hundred-billion-dollar price tags, any new domestic spending in a Bush Administration is likely to go toward cleaning up a mess, not promoting anything tangible or politically beneficial.

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All presidents gravitate eventually to foreign policy, if only to escape the frustrations of continuing power struggles with Congress over domestic matters. But Bush, who would have little room to maneuver domestically even if Congress did not exist, will likely take an approach to the presidency that we have not seen in this century. If he is to put a strong mark on the presidency in his first year, he will have to do so in foreign policy.

V

President Bush is certainly better prepared than his recent predecessors to tackle foreign issues from his first days in office. He will be tempted, of course, to make his mark first in the American-Soviet arena, but he will also look for opportunities for action in Latin America and the Middle East. Still, it is difficult to see where or how he might turn to make a move as politically significant as Reagan's rapprochement with Gorbachev or Carter's Camp David accords.

Indeed, with most of the world's hot spots at least temporarily cooling down, the most promising area for the new president to launch some foreign policy initiatives might turn out to be in Washington itself. Conflicts between the executive and legislative branches over the conduct of foreign policy littered the Reagan years, and most of them remain unresolved. Part of the problem has been a continuing, festering lack of trust between the branches. The executive often ignored the legitimate prerogatives of Congress while challenging congressional power and purpose. For its part, Congress often went to undesirable extremes to impose its desires on the executive, distrusting his motives and capacity to carry out effective policy. If President Bush can clear up these problems early in his term, he will be able to act with more assurance later.

One focal point of this mutual distrust was the applicability of the War Powers Act, which became an element of controversy over Lebanon, Grenada, Libya and the Persian Gulf, among other places. Congress and the White House often found themselves in pointless and enervating debates about who was obliged to invoke the War Powers Act and when, devoting too little time and attention to revising the measure to make it acceptable to both branches. A modest effort on that score was begun in 1988; a presidential move to expedite that process would be good politics and good policy.

The Iran-contra arms scandal raised another area of congres-

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sional-presidential tension. Congress viewed the administration's defiance of the Boland Amendments limiting aid to the contras as a scandalous and illegitimate use of covert action. The executive viewed congressional micromanaging and meddling in foreign affairs, and congressional leaks of sensitive covert programs, as eminent justification for extralegal actions. The Iran-contra hearings did not resolve the tensions over covert actions, executive notification of Congress or congressional oversight.

The 101st Congress will start with some suspicion of George Bush in this area, given his well-known attraction to covert action. An initiative on his part to come up with an accord between the branches—perhaps a firm pledge on swift notification, in return for a smaller joint staff for the House and Senate Intelligence Committees, modeled after the respected Joint Taxation Committee staff, to cut down on congressional leaks and overactivism in the intelligence area—would be a major advance in inter-branch relations.

A third positive step would be to improve the dialogue between the branches on foreign policy, leading to a dialogue before decisions, not after-the-fact notification. A commitment by President Bush to meet regularly with a small, representative group of congressional leaders for a discussion of foreign policy would be an attractive olive branch. While no panacea, it would have the additional potential of building bipartisan and bicameral consensus in many areas, regional and otherwise, of foreign policy.

The next four years provide a rare opportunity for consensus on domestic as well as foreign policy issues. Few Democrats support opening the floodgates on federal domestic spending; most Republicans support modest federal initiatives in education, health, transportation, environmental cleanup and other domestic needs. Few Republicans oppose further arms talks with the Soviets; most Democrats support the concept and letter of the INF treaty and its logical extension. Countries whose governments once provoked partisan strife in the United States, such as Argentina and the Philippines, have become models of American bipartisan cooperation; the same can be said of South Korea and Chile. Few basic ideological or partisan divisions exist in American politics about policies toward the Middle East, Europe, the Pacific Rim, most of the western hemisphere and Africa. Even in trade the differences are more in style than substance. When it comes to the federal deficit

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there is a broad agreement that it matters, and must be reduced; the disagreements, over perhaps $20 or $30 billion in taxes in a $4.5-trillion economy and a $1.2-trillion federal government, are trivial.

The potential, then, exists for bipartisan cooperation on domestic and foreign policy issues. But that potential could go unfulfilled. The areas of agreement may be masked by partisan bickering, or the few disagreements might be exaggerated to gain partisan advantage, ultimately resulting in policy failure or gridlock.

There are more players in the game of governing than President Bush and the Congress. The intelligence, savvy, experience and judgment of Bush's officers and advisers, and the party leaders in Congress, will make a difference. Each side has some Washington veterans who are most comfortable cooperating in a bipartisan environment: James Baker as secretary of state and Brent Scowcroft in his second stint as national security adviser play this role for Bush; the Senate party leaders, newcomer George Mitchell (D-Me.) and veteran Robert Dole (R-Kans.), play this role on the Hill. Other officials are more combative partisans: John Sununu as chief of staff in the White House, Jim Wright as Speaker of the House. The balance of power among the conciliators and the partisans is likely to play a decisive role in how we face the dilemmas of the coming years.

And of course, we must take into account the political environment. The 1988 election was the first in twenty years without an incumbent running for reelection. In 1992, we are likely to return to the norm: a basic referendum on the incumbent's performance in office. The political components of that contest will be set in 1990, with the mid-term elections already preoccupying minds on Capitol Hill. How skillfully our policy leaders operate within this political context will determine how successfully we deal with the policy challenges and opportunities ahead.

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Felix Rohatyn

AMERICA'S ECONOMIC DEPENDENCE

The coming decade will set the stage for the world of the 21st century. Will that world be chaotic or orderly? Will there be growth or stagnation? Will the United States be able to play the preeminent role that it played in this century? This is the context in which we must examine the present.

The ideological walls are crumbling all over the world. The basic national objectives in both the communist and the free worlds consist of sustained economic growth, greater competitiveness and higher standards of living. The global divisions that continue to exist, and that will become more and more serious, will be between haves and have-nots, rich and poor, competitive and inadequate. Such distinctions, however, will no longer be primarily ideological in source.

The most important event since the end of World War II is the recognition by the leaders of both the U.S.S.R and China that communism is not a viable system. While Soviet and Chinese reforms have been so far mostly limited to economics, they will inevitably spread to the political sphere. The Soviets and the Chinese have embarked on reform because their economies were collapsing, their citizens wanted a higher standard of living and their military wanted up-to-date technology and educated armed forces. But the underlying cause was that their system, in addition to being philosophically unacceptable, is inefficient and noncompetitive in the modern world. Until the end of this century and later, the U.S.S.R. and China will be dealing with their internal economic and social problems.

The evolution of Western Europe toward a unified market by 1992 is driven by similar broad objectives. President François Mitterrand's attempt to govern France with a classical socialist program came to a painful end in 1983. His successful reelection this past year was due, in good part, to his adoption of a moderate social democratic program geared to a market economy and aimed at global competitiveness. The same is true of left-wing governments in Spain and Italy, as well as

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conservative governments in the United Kingdom and West Germany. All of these European countries seek higher standards of living, better education and lower unemployment, with varying levels of government involvement in economies driven primarily by the private sector. It is interesting to note, parenthetically, that all of these countries have more extensive social safety nets than the United States and higher levels of government spending as a percentage of GNP (between 40 and 50 percent as compared to about 35 percent for the United States).

In the less-developed parts of the world, the objectives are also the same, but the ability to achieve them is problematic. Mexico, Brazil, Argentina, the Philippines—all are crushed by a combination of debt service, corruption, high birth rates and stagnating or decreasing standards of living. The threat to political stability arising from this economic inadequacy is very great. The political fate of these countries will depend on their economic success or failure, and not vice versa.

II

Issues of global economic development cut across both domestic and foreign policy, and will require major efforts in both areas. The level of industrial capacity built up all over the world, and the ability to transfer technology from developed to less-developed countries, requires increased worldwide demand. This can only come from healthier economies in the less-developed countries—including, one can hope, increased demand from within the Soviet bloc and, ultimately, from India and China, together with strong, continued growth in the West.

Massive investment by the private and public sectors also will be required. This investment can best be financed by worldwide reductions in defense spending. Over the long run, it is likely that more and more countries will conclude that priority should be given to economic growth over military spending. Mikhail Gorbachev's proposal for unilateral Soviet conventional force reductions, delivered before the U.N. General Assembly in December, is a reflection of that reality. Moreover, communication and information technology, financial deregulation and worldwide capital markets have eliminated the traditional borders of our financial and economic system. The world has become totally interdependent.

As for the United States, the policies of the Reagan Admin-

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istration have contributed not only to our economy's interdependence with the rest of the world, which is perfectly healthy, but to its *dependence* on outsiders, which is not. The necessity to finance part of the U.S. budget deficit with foreign capital; the necessity, over the last two years, for foreign central banks to acquire more than $150 billion dollars to support our currency; our trade deficit and growing foreign debt; the steep increase in domestic assets sold abroad to finance our deficits—all of these factors, and more, have created a dependence on the policies of other sovereign governments and private interests that affect every U.S. domestic issue.

Even though this phenomenon was briefly recognized during the 1970s, as a result of the energy crisis and the rapid accumulation of "petrodollars" by the member-states of the Organization of Petroleum Exporting Countries, the subsequent collapse of oil prices and the careless "recycling" of petrodollars to the Third World by the Western banking system obscured the situation. Now, however, recognition of the truth is inescapable: *no* meaningful domestic government decision is free of international consequences, in view of our financial situation as the world's greatest debtor.

These factors all argue for the proposition that "domestic policy" is an outmoded expression and an obsolete concept. It is obvious that government policies, with respect to education, taxes, infrastructure, entitlements and so on, affect mostly our own citizens. However, those policies can only be formulated within the framework of an economic policy that is global in nature and concept—partly because of the new world we live in, but especially because of our huge indebtedness.

A similar argument can be made with respect to national security affairs, though somewhat in reverse. Just as economic policy inevitably transcends our borders, questions of national security have become woven into the fabric of our domestic policy. The two—economic policy and national security policy—are related to each other, depend on each other, and must be considered as worldwide in their scope. Thus, the next president's vision of the world will be crucial in determining how we treat these matters.

III

Several aspects of U.S. economic policy have significant impact on foreign policy. Our annual trade deficit ranges somewhere between $130 billion and $150 billion. In addition,

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net financial outflows as a result of our increasing foreign debt are about $20 billion each year, and they are likely to go higher. It is critical to bring this deficit down for several reasons.

First, the growing foreign debt created by our trade deficit requires continued willingness on the part of our foreign partners to finance the deficit at reasonable rates. They may not always remain so willing—market forces may not leave them any choice. Second, the increasing transfer of U.S. wealth abroad, resulting from the ever-increasing interest we must pay on our foreign debt, will create consistent downward pressure on the American standard of living. Third, the inability to achieve at least rough balance in our trade accounts will perpetuate a loss of competitiveness this country cannot afford.

Achieving a positive outcome will be a daunting challenge. To bring our balance-of-payments deficit to zero by, say, 1994, will require an improvement in the trade balance of about $200 billion per annum in order to make up for increasing interest costs and other financial outflows (such as dividends and interest paid out to foreign-owned companies and rent on foreign-owned real estate). Our net foreign debt by 1994 will be about $1 trillion, and the interest thereon will approach a level somewhere between $50 billion and $60 billion per annum, at a minimum.

A $200-billion annual savings in trade would be a tremendous achievement, and may not be feasible. In order to have a chance to achieve a healthy trade balance (other than by a collapse of the U.S. import market as the result of a deep recession) the purchasing power of Third World countries must be reflated, and the dollar cannot be allowed to collapse. Clearly, this effort will involve foreign policy and national security issues.

In 1982 the Third World debt problem moved to the forefront of economic policymaking concern when Mexico announced it was unable to service its debt. Brazil, Argentina, the Philippines and other developing countries were not far behind. Neither were Poland and other Eastern European countries. The total Third World debt was then about $800 billion.

The debt-relief program that was started then involved programs of austerity imposed by the International Monetary Fund, just enough in new credits to service the old debts, and

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stretch-outs of existing loans. The result is that the debt now approaches $1.2 trillion; developing countries are paying out a net of between $20 billion and $30 billion every year to developed countries. As a result of their rapidly growing populations, the standard of living in these countries is eroding rapidly. In this connection, it will be ironic if two of the most conservative institutions in the West—the commercial banks and the Catholic Church—rescue communism from the brink of defeat in the developing world by, in the one case, demanding the repayment of debts that cannot be repaid, and, in the other, refusing to recognize that the control of population growth is an absolute necessity.

The United States should play the leading role in beginning to reverse this process, not only because we need world growth for our own benefit, but, more specifically, because the political and economic stability of many of these countries, especially Mexico, is vital to us. The reasons are too obvious to require much elaboration: the threat to the security of our borders, high levels of illegal immigration, potential unrest in large Hispanic communities in the United States, the financial exposure of our banks. To play such a leading role, however, we would have to lower interest rates by reducing our own borrowing needs, commit major new capital to the World Bank to enable it to play its required role, and provide our banks and financial institutions with enough capital and stability to provide future financing. None of this is possible today, because our continuing budget deficits require constant borrowing and high interest rates; our banks are too weak vis-à-vis their Japanese and European counterparts to play their required role; and increasingly negative political reactions to foreign influence in this country make support of the World Bank and other multinational institutions ever more difficult.

The new U.S. administration, together with Japan and the Western European governments, should appoint a group of experts, headed by men such as Paul Volcker and Helmut Schmidt, and including representatives of Third World borrowers. This group should be charged with elaborating a debt-relief plan to be presented in Paris at the next economic summit in July 1989. The plan will have to include, in one form or another: a plan for realistic debt service relief (i.e., interest-rate reductions and stretch-outs of schedules for the repayment of principal); protection of the integrity of the Western banking system through government guarantees in some form; a supply

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of new capital to stimulate growth, probably from Japan and West Germany; viable commitments on the part of indebted nations to institute economic reform and ensure the repatriation of flight capital; and more aggressive leadership on the part of the World Bank as the centralizing instrument of such a plan.

It is critically important that the West, with the United States in the lead, bring forth such a plan, rather than wait and be forced to react to unilateral debt-relief schemes adopted by the borrowers, individually or collectively. The 1989 economic summit would be an ideal forum for such an initiative.

IV

It is most unfortunate that, at a time when the economic and political systems of the United States are the envy of the world, our failure to deal with domestic budgetary issues will create serious impediments to our ability to influence events in the rest of the world, and may create an isolationist backlash in this country. Our basic weakness is due to excessive levels of debt, both in the government and private sectors. This affects every aspect of our policies.

For example, in order for Soviet President Gorbachev's perestroika to have any chance for success, sooner or later a number of events will have to take place: large-scale Western credits will have to be extended to the Soviet Union to buy consumer goods; imports of Western technology and capital goods must be permitted for longer-term development; and some degree of geopolitical agreement will have to be reached regarding Eastern Europe.

The first of these processes has already started; in the last year private British, German, French and Italian banks have committed a total of over $12 billion to the Soviet Union. In most of these cases, government guarantees are provided to the banks. The United States may well be shut out of this process, not only because American banks lack the capacity to participate, but mostly because we have no concerted business-government strategy or structures to deal with such issues. We have wasted huge amounts of money in Eastern Europe, for instance; our commercial banks are exposed for almost $10 billion in Poland alone, with no prospect for repayment and little, if any, for political benefit.

The ability of the Federal Reserve Bank (or the Export-Import Bank) to guarantee certain types of credits to commu-

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nist-bloc countries would be a useful tool in a geopolitical strategy vis-à-vis the Soviet Union and Eastern Europe, if such credits could be linked to other agreements such as one providing for a reduction of forces in Europe. Such a capability would also be useful as part of a possible Middle East settlement. It is likely that any such settlement, if it ever happens, would include massive economic assistance.

There is at present, however, no structure that would permit such a coordinated strategy; neither in the State Department nor in the Treasury Department nor in the Federal Reserve does such authority reside. Nor do we, as a country, have the surplus capital to implement this kind of strategy, even if we could manage it.

At a time when both superpowers have implicitly recognized the irrelevance of nuclear weapons (except as a deterrent), the real power in the world is coming to consist of surplus capital combined with national self-discipline, advanced technology and superior education. The leading nations of tomorrow, by those standards, are likely to be Japan and post-1992 Western Europe. The United States, once the unquestioned leader of the West, falls short in every one of these categories. The main reason for our failure is our addiction to debt, which affects every one of these areas.

This addiction to debt, fueled in the 1980s by financial deregulation, supply-side economics and stock market speculation, has occurred in the government sector as well as in the private sector; it covers both our external debt and our domestic debt. Domestic government debt has soared from about $1 trillion in 1980 to about $2.7 trillion currently, as a result of a series of annual budget deficits ranging from $140 to $220 billion. The national debt will be over $3 trillion by 1992. Our foreign debt is now about $500 billion (compared to a positive balance of about $150 billion in 1980) and will reach about $1 trillion in 1992. During this same period, the debt of U.S. non-financial companies has grown dramatically in relation to their equity. Almost $200-billion-worth of high-yield "junk bonds" have been issued, often in connection with acquisitions, leveraged buyouts or other corporate restructurings. As a result of these and similar transactions, the equity capital of American non-financial corporations has been reduced by more than $400 billion over the last five years.

The perverse linkage of our deficits and our international economic posture was evident throughout the past decade.

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Sky-high interest rates in the early 1980s, driven by the Federal Reserve's fight against inflation, pushed the dollar up by fifty percent and caused a recession. The resulting budget deficit, caused by tax cuts and high defense spending, resulted in a typical "Keynesian" recovery which, because of the high dollar, sucked in huge amounts of imports, creating an ever larger trade deficit. The latter was used to finance our budget deficit but, simultaneously, destroyed large sectors of U.S. manufacturing.

When the Reagan Administration's long-standing policy of "benign neglect" of the dollar was reversed in 1985, and the value of the dollar was sharply driven down, these deficits continued. But the foreign investment needed to finance the deficits shifted significantly from portfolio investment to direct investment in U.S. property and businesses. Commercial real estate and U.S. corporations were acquired by Japanese and European interests at an accelerating rate—and this trend will inevitably continue. The outcome of the recent presidential election gives no hope of a fundamental change in either the economic policy or the policymaking structure of our government. This may make it very difficult for the United States to maintain its leadership role in the world of the 1990s. As long as the United States is a huge importer of capital, and as long as it is not capable of making the domestic improvements necessary to be competitive in export markets, it will abdicate its leading role more and more to Japan and Europe.

V

Another area of growing importance and sensitivity is the foreign ownership of U.S. business. By the end of 1987 foreign claims on U.S. assets had reached $1.5 trillion. This figure includes ownership of government bonds, stocks, companies, real estate and so forth.

Back in 1980 the figure was one-third its present level. Direct investment, namely the full ownership of companies, stood at $263 billion last year, as opposed to $83 billion in 1980. Increases in the amount of U.S. dollars held abroad because of our trade deficit and the likely continued weakness of the dollar (assuming nothing is done about our budget deficit) will accelerate this trend. It is worth noting that the value of all companies listed on the New York Stock Exchange is about $2 trillion; the total current U.S. foreign debt of about $500 billion represents about 25 percent of that amount. The $1-

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trillion foreign debt level forecast for 1992–93 will most probably represent a significantly higher proportion (unless the level of the stock market doubles during this period), and the level of direct investment is likely to increase materially. If the securities markets and the dollar both go lower, it is sure that much of this $1 trillion will be invested in permanent assets (companies, real estate, etc.) instead of government bonds. Thus we will be forced to accelerate the process of selling long-term, productive businesses to finance short-term budget and trade deficits. That is unsound.

Of the major industrial powers in the world, only the United States allows the purchase of controlling interest in key companies without some type of government review, or without giving domestic purchasers some type of preference. Japan, Germany, Switzerland, France and Italy all have such safeguards. Even Great Britain recently stopped Kuwait from acquiring more than twenty percent of British Petroleum, on grounds of national interest review requirements. Insofar as acquisitions are concerned, American companies are at a considerable economic disadvantage vis-à-vis their foreign competitors, because of accounting and tax treatment—the economic differential can be as much as 25 percent. This is an important area, in which corrective action should be considered, since it will become a larger issue in the near future.

For the present, the fundamental economic issues are the budget and trade deficits. But the control issue should not be ignored—if the current economic policies that tacitly encourage the sale of American assets to finance our deficits continue. In the long run, foreign control of a larger proportion of American business, coupled with our failing educational system, will have significant implications for innovation, product development and research, in addition to increasing the level of financial transfers abroad. Those are the real determinants of America's future economic independence and the legacy of the 1980s.

There are two different ways of looking at foreign direct investment. The first, and currently dominant view, is that direct investment (such as the foreign purchase of a company) is permanent and desirable, and preferable to portfolio investment such as the purchase of government bonds which can be sold easily and thus may create significant market volatility. The alternative view is that the sale of a permanent asset (e.g., a manufacturing company or a bank) in order to pay for net

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imports of foreign goods is not necessarily advantageous either from a financial point of view or, ultimately, from the point of view of overall policy.

For example, if the United States sells $1 billion in 10-year U.S. bonds to pay for $1 billion of imports, we can ultimately repay the bonds for $1 billion plus interest; on the other hand, if a U.S. company is bought by foreign interests to pay for the same $1 billion of imports, the result is very different. That same company, 10 years from now, may be worth $5 billion or $10 billion; it is creating permanent and growing remittances of profits, dividends and technology abroad. The cost in terms of national wealth is ultimately much greater.

Selling permanent assets is an easy solution at this time and it relieves the U.S. government from having to sell equivalent amounts of government bonds, possibly at higher rates of interest to finance its deficits. But it creates a permanent claim on our economy, as opposed to the temporary claim represented by borrowing. It thereby reduces the pressure of the most important market discipline motivating the Congress and the administration to deal with the deficits: higher interest rates and/or a lower dollar.

The control of large business units has more serious implications now than ten years ago. This is a result of the emergence of a global economy, as well as of the revolution in communications and data-processing technology. Many industries which were then discrete and separate now overlap. The control of a large enterprise carries with it the ability to make decisions determining questions of worldwide plant-site selection, worldwide supplier selection, product design, R&D siting and control and management development. These can have an important national impact, as more and more companies are bought by foreign interests. And in the case of large financial institutions, the control of credit policy is obviously very important, especially in times of financial stress.

Technological and regulatory changes are additional factors. In the United States, in one form or another, there have been historical restrictions or limitations on the foreign ownership of sensitive defense industries, banks and certain media, such as network TV. No effort, however, has been made to define, or redefine, these categories for the current era. An adequate defense industry does not consist solely of the capacity to manufacture weapons; it includes the production of all kinds

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of sophisticated electronics, communications, special materials and many other types of high technology. Should restrictions be applied in any of these areas? Banking has also changed: with the expected lifting of the Glass-Steagall Act, the dividing line between commercial banking and the securities industry will be eliminated. Should restrictions on foreign ownership be extended to the securities industry, or, alternatively, eliminated from banks? The same quandary applies to the media. The major networks have seen their market share eroded from almost 100 percent of the television audience to nearly 60 percent by the advent of cable television, video cassettes, etc. Should restrictions applicable to network TV be extended to the cable industry, or alternatively, eliminated from networks?

Foreign control of American businesses, especially in light of the scale on which it is likely to take place, is a valid issue of national interest. Control of financial institutions involves our international posture. Control of the media (practically all of book publishing is now foreign-owned) can affect public opinion and our political system. Control of manufacturing will affect the know-how and technology around which much of future growth will be created.

It may be that a searching, sophisticated debate of this issue will lead to the conclusion that the United States, alone among all developed Western industrial powers, should allow practically unlimited foreign control of domestic business institutions. Such a decision would be attributed to American faith in the market system and unwillingness to interfere with free flows of capital. In reality, however, it will be a decision based on our overdependence on foreign capital and our fear of frightening that capital away.

National policies should never be based on fear, either in security matters or in economic matters. The issue of foreign control is a complicated and emotional issue. It does not lend itself to clear-cut answers and should be approached with extreme care. It is an issue to be discussed with our trading partners, and there are many subsidiary issues which should be examined: reciprocal rights of ownership; equal rules of the game for acquisition in areas such as accounting and taxes; equal regulation and sharing of financial responsibility in areas such as banking and securities; and many more. But the issue will not go away. It should be examined dispassionately before political pressure to find drastic remedies becomes too severe.

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VI

The United States once claimed the twentieth century as its own; yet the "American Century" ended up lasting little more than twenty years. Nevertheless, the United States can help shape the 21st century, but only if it changes the way it manages its domestic economic affairs. The world may not exist in fifty years because of a scientific or military catastrophe—but if it does it will be under the major influence of those powers that can export capital, that can harness and develop technology in large manufacturing enterprises, that have dominant financial institutions, that have superior educational systems, and that can finance their military requirements at whatever level their national security requires. These are likely to be Japan and a more unified Western Europe.

This is not the course on which the United States is embarked today; that course, however, cannot be avoided.

It would not require enormous national sacrifice to bring our current $150-billion budget deficit into rough balance over the next four years. It would require a firm, long-range plan acceptable to the administration and Congress; such a plan could be elaborated by the National Economic Commission.

The deficit-reduction package should consist of equal amounts of new taxes and expenditure cuts. Our energy prices are the lowest in the world. Increasing gasoline taxes by 25 to 50 cents per gallon would provide $25 billion-$50 billion per annum in new revenues and still leave U.S. gasoline prices at a level significantly below European prices. It would also conserve energy and reduce imports by a significant amount. A surcharge on personal income, raising the top effective rate to 33 percent or 35 percent would still leave tax rates significantly below their pre-1981 levels and provide significant revenue and fairer distribution. Insofar as entitlements such as social security, Medicare and Medicaid are concerned, limiting cost-of-living allowances (COLAs) to one or two percentage points below the inflation rate, or taxing the benefits of higher-income recipients, would have significant impact on the budget and still pass the test of equity. National defense is essentially frozen at present levels that the country can well afford.

The United States is a great and wealthy nation with enormous natural assets as well as a vital and free political system. However, as everyone knows, balance sheets consist of both

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assets and liabilities, and our liabilities are growing at fearsome rates. They can be visible (such as our domestic and external debts); they can be camouflaged (such as our $70 billion-$100 billion in contingent liabilities to the savings and loan industry or the questionable credits of our banking system); or they can be hidden, as are the failures of our educational system and the lack of public and private investment. But if those liabilities, created by our failure to deal with domestic economic policy, are not dealt with in the near future, they will cost the United States its preeminent role as a world power.

A long-term plan to deal with our economic problems, if brought forward with a strong bipartisan commitment from the White House and Congress, would generate a strong positive response from the financial markets. It should deal with our budget deficit. It should deal with our trade deficit and the Third World debt. It should deal with new domestic investment and our competitive posture in the world. It would propel us forward into the next century and would enable the United States to fulfill its necessary role as the leader of the Western world. It is an absolute necessity.

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David Holloway

GORBACHEV'S NEW THINKING

When Ronald Reagan entered the White House in 1981 he had a clear mandate to pursue a tough policy toward the Soviet Union. During the Reagan presidency, however, U.S.-Soviet relations changed dramatically, from the incipient cold war of the early 1980s to the summit meetings and agreements of the last four years. George Bush has said that he will try to ensure that U.S.-Soviet relations continue to improve. But the task he faces is more subtle than that which Ronald Reagan set himself, for he has to assess the meaning of Mikhail Gorbachev's new thinking and its implications for the United States.

Under Gorbachev's leadership the Soviet Union has embarked on major domestic reforms and proclaimed the need for new political thinking in international relations. This new thinking, which Gorbachev set out most recently last December in his speech to the United Nations, embraces a number of propositions about the nature of international relations in the modern world: human interests take precedence over the interests of any particular class; the world is becoming increasingly interdependent; there can be no victors in a nuclear war; security has to be based increasingly on political rather than military instruments; and security must be mutual, especially in the context of U.S.-Soviet relations, since if one side is insecure it will only make the other side insecure too.

This new thinking rejects many basic assumptions of earlier Soviet foreign policy, and should be understood primarily as a response to the crisis in foreign relations to which Leonid I. Brezhnev's policies had brought the Soviet Union by the early 1980s.

II

It was a central premise of Brezhnev's foreign policy that the correlation of forces in the world was moving in favor of

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socialism. For the Soviet leaders this movement provided the basis for détente; the West would find it impossible to deal with the Soviet Union from a position of strength, and would therefore be more willing to reach agreements on arms control, trade and technology, and political issues. Although the concept of the correlation of forces embraces political and economic forces as well as military power, Brezhnev and his colleagues clearly regarded the growth of Soviet military power, in particular the attainment of strategic parity with the United States, as a crucial factor in the move toward détente.

The Soviet Union and the United States had very different conceptions of détente. They both believed that the Soviet Union was growing more powerful, but they drew different conclusions from this belief. The Soviet Union thought that as its own power grew, the West would become more accommodating. The United States, especially during Richard Nixon's presidency, wanted to make the Soviet Union a less disruptive force in world politics by tempering Soviet power, curbing its growth and restraining the way in which that power would be exercised.

By the mid-1970s, however, American critics of détente were claiming that any hope of restraining the growth and exercise of Soviet power was an illusion. They argued that despite the agreements of the Strategic Arms Limitation Talks, the Soviet Union was building up its forces in a determined drive to achieve strategic superiority and using its military power to make political gains in the Third World. They cited Soviet military writings to show that Brezhnev and his colleagues believed they could fight and win a nuclear war, and that therefore they were not deterred by the threat of assured destruction.

Although often exaggerated, these criticisms contributed to the sense of alarm at the growth of Soviet military power. The Carter Administration was impelled to embark on its own military buildup in the late 1970s. When Deng Xiaoping came to Washington in January 1979 he called for an anti-Soviet united front, thus conjuring up for the Soviet leaders the specter of encirclement by a Sino-American-Japanese-West European coalition. Even before the Soviet invasion of Afghanistan in December 1979, it was clear that Soviet expectations about the benefits of détente were not being realized.

In the 1970s Soviet analyses of world politics relied heavily on the correlation-of-forces model of international relations.

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This model does not regard equilibrium as either the goal of policy or as an inherent characteristic of the international system. Rather, it assumes that the world is moving toward socialism; the aim of Soviet policy is to help this transition or at least to prevent the West from stopping it. This concept proved, however, to be a poor guide to international relations. The growth of Soviet power did not elicit accommodation from the Soviet Union's rivals. On the contrary, it evoked an effort to counterbalance that power. As the Soviet historian Vyacheslav Dashichev has written, in the 1970s the Soviet Union "erred in assessing the global situation in the world and the correlation of forces."[1]

Whether this failure resulted more from incompetence and bureaucratic sluggishness than from conceptual blinkers remains unclear, but preconceptions about the nature of international relations may have played a role. One Soviet author has suggested that the effect of Soviet Third World policy on the United States was well understood by some Soviet diplomats, but discounted because it was assumed that peaceful coexistence at the interstate level would not be affected by the "world revolutionary process."[2] Similarly, one may wonder whether the correlation-of-forces model, by suggesting that the West would remain committed to détente because of the growth of Soviet power, helped to blind Soviet policymakers to the effects of their own actions on other governments. It may have encouraged them to believe that foreign leaders, no matter what harsh rhetoric they used, would in time accommodate themselves to the new realities of power.

Brezhnev was slow to recognize the failure of his policies. At the 26th Party Congress in 1981 he remarked that the previous five years had been a "complex and stormy" period in international relations. But he offered nothing to guide foreign policy into calmer waters. It was not until October 1982, a month before his death, that Brezhnev gave a more urgent assessment, declaring that the United States had "launched a political, ideological, and economic offensive" against the Soviet Union and had begun an "unprecedented arms race."[3]

In 1983 Soviet foreign policy was at an impasse. The Reagan Administration's military buildup was well under way, and the

[1] V. Dashichev, *Literaturnaya Gazeta*, May 18, 1988, p. 14.
[2] A. K. Nikiforov, *SShA*, No. 12, 1987, p. 8.
[3] *Pravda*, Oct. 28, 1982, p.1.

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president's speech on the Strategic Defense Initiative (SDI), threatened the Soviet Union not only with a less predictable strategic relationship, but also with an intense technological arms race. In the autumn NATO began to deploy ground-launched cruise missiles and Pershing 2 ballistic missiles in Western Europe, an area which had seemed to be the weakest link in the encirclement of the Soviet Union. The invasion of Afghanistan had resulted in a debilitating war rather than in political control of that country. East-West relations were at such a low ebb that many people began to speak of a new cold war. A slight thaw had begun in Sino-Soviet relations following China's adoption of an independent foreign policy, but Beijing's "three obstacles" remained to be surmounted; relations with Japan remained chilly.

In his brief term in office Yuri Andropov did little to make things better. He withdrew from the Intermediate-range Nuclear Forces (INF) talks and Strategic Arms Reduction Talks (START) after NATO began INF deployment. This decision, Foreign Minister Eduard Shevardnadze has said, made it easier for the United States to create "a second strategic front" against the Soviet Union in Europe.[4] In September, after the Korean Airlines flight 007 incident, Andropov issued a statement declaring that "if anyone had any illusions about the possibility that the policy of the present American administration would change for the better, then the events of the recent period have finally dispelled them."[5] Andropov's policy toward the United States was defiant and rigid; only under his successor, Konstantin Chernenko, was there some slight movement out of the impasse when the Soviet Union and the United States agreed in January 1985 to reconvene the space and nuclear arms control talks in Geneva.

III

The failure of Brezhnev's foreign policy presented Gorbachev not only with practical policy problems, but also with conceptual puzzles. The collapse of détente had discredited the premises on which Brezhnev's policy had been based. The movement in the correlation of forces toward socialism had not ensured a reduction in tension; on the contrary, the world

[4] Speech of E. A. Shevardnadze, in *Vestnik Ministerstva Inostrannykh Del SSSR*, Aug. 15, 1988, p. 33.

[5] *Pravda*, Sept. 29, 1983.

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in 1983 and 1984 seemed a more dangerous place than it had been ten years earlier. If the movement toward socialism made the world more tense by evoking dangerous countermoves from other states, what should the Soviet Union do? Should it conclude that its primary goal is socialism or should it strive above all to secure peace? If a potential conflict exists between peace and socialism, which should receive priority?[6]

Gorbachev's response to this question was to point to the overriding importance of peace. In October 1986 he said that "Lenin in his time expressed an idea of colossal depth—concerning the priority of the interests of social development, of all human values, over the interests of one or another class." Gorbachev went on to speak of the importance in the nuclear age of the "thesis of the priority of the all-human value of peace over all others to which different people are attached."[7] Taken by itself this proposition may seem banal, but it is significant in the Soviet context because it implies that the goals of peace and socialism may come into conflict, and further it provides a justification for giving priority to the pursuit of cooperation with the West over the search for unilateral advantage.

The argument that peace has priority has attracted controversy in the party leadership. In July 1988 Shevardnadze said that "peaceful coexistence" was acquiring a new meaning in the light of this concept, and condemned as "mistaken" and "anti-Leninist" the view expounded during the Brezhnev years that peaceful coexistence is a specific form of the class struggle.[8] The following month Politburo member Yegor Ligachev took issue, implying that there is—and can be—no contradiction between peace and socialism. "We proceed from the class nature of international relations," he said. "Any other formulation of the issue only introduces confusion into the thinking of Soviet people and our friends abroad. Active involvement in the solution of general human problems by no means signifies any artificial 'braking' of the social and national liberation struggle."[9]

Two months later Vadim Medvedev, the new party secretary responsible for ideology, reasserted the importance of universal

[6] On this debate see Stephen Shenfield, *The Nuclear Predicament*, Chatham House Papers No. 37, London: Royal Institute of International Affairs, 1987, pp. 23–47.

[7] *Pravda*, Oct. 21, 1986.

[8] Shevardnadze, *op. cit.*, p. 32.

[9] *Pravda*, Aug. 6, 1988.

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values: "Today, when universal values are embodied with utmost specificity, primarily in ensuring mankind's survival, they come to the foreground of international relations and constitute the nucleus of the new political thinking."[10] Then, at the United Nations in December, Gorbachev stressed the importance of human values and argued that differences in ideology should not be allowed to affect relations between states.

The thesis that human values take priority is closely linked to the argument, also advanced by Gorbachev, that the world is increasingly interdependent. Capitalism and socialism cannot develop in isolation from each other because they are part of one and the same human civilization. Neither the Soviet Union nor the United States can feel secure if the other feels insecure. In an interdependent world it is cooperation in defense of universal values, not the conflict between capitalism and socialism, that is at the heart of international relations. This argument provides the basis for Soviet proposals to make greater use of the United Nations and other international organizations in maintaining peace and dealing with global problems. In criticizing Brezhnev, Gorbachev is not returning to the premises of Stalin's foreign policy. On the contrary, just as he is trying to replace the Stalinist system at home, so he is rejecting the unilateral, territorial approach to security characteristic of Stalin, who thought that Soviet security depended on the insecurity of others.

Gorbachev's new thinking does not indicate that the Soviet Union wishes to abandon its role as a world power, but it provides a different picture of the world and redefines the Soviet role in it. It assigns a less important role to conflict in international relations and calls for the Soviet Union to base its world role not on military power and the search for unilateral advantage, but on a more cooperative—more normal—involvement in the international system.

IV

The growth of Soviet military power in the Brezhnev years was not accompanied by commensurate gains in foreign policy objectives. Far from making the Soviet Union more secure, it merely provoked the United States and its allies into building

[10] *Pravda*, Oct. 5, 1988.

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up their own forces. This in turn created new threats to Soviet security and imposed new military requirements on the Soviet Union. Shevardnadze has said that "one of the most unfavorable phenomena of the period of stagnation, which had a negative influence on our international positions, was the lack of agreement between military and political directions."[11] The failure of Brezhnev's détente policy forced the Soviet leaders to reexamine the relationship between military power and foreign policy. A central tenet of the new thinking is that security should be based not on the accumulation of military power, but on such political measures as arms control, the settlement of regional conflicts and the removal of irritants in relations with other states.

One of the key elements in the new thinking has been the reformulation of Soviet military doctrine to bring its military-technical aspect into line with its political premises. This is being done not out of a passion for intellectual tidiness but to ensure that military power does indeed contribute to Soviet political purposes, since conceptual ambiguities in military doctrine contributed to the Soviet Union's political problems in the Brezhnev years.

When the Soviet military first acquired nuclear weapons in the 1950s, the strategists regarded them largely as a means of increasing the firepower available to the armed forces. In the 1970s and 1980s, however, the rapid growth in the number of nuclear weapons and delivery systems led, in the words of Marshal N. V. Ogarkov, former chief of the General Staff, "to a radical review of the role of these weapons, to a break with previous views of their place and significance in war, of the methods of conducting battles or operations, and even of the possibility of waging war at all with the use of nuclear weapons."[12] This shift in thinking was reflected in a series of speeches by Brezhnev in which he elaborated a deterrent rationale for Soviet strategic forces, emphasizing that it would be suicidal to start a nuclear war and declaring that sufficiency, not superiority, was the Soviet goal.

The Soviet High Command concluded in the 1970s that because nuclear war would be so destructive, a major war might remain conventional, even in Europe. Many Western

[11] Shevardnadze, *op. cit.*, p. 34.

[12] N. V. Ogarkov, *Istoriia uchit bditelnost* [History Teaches Vigilance], Moscow: Voenizdat, 1985, p. 47.

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analysts believed that if there were a war in Europe, the Soviet military would mount rapid conventional offensive operations in hope of achieving a quick victory. Improvements in Soviet conventional capabilities supported the argument that the Soviet Union was indeed giving particular importance to conventional offensive operations.

In Western opinion this doctrine was at best ambiguous, at worst dangerous and menacing. Although Brezhnev and other Soviet leaders made it clear that they wished to avoid nuclear war, the Soviet military stressed the importance of preparing to fight and win such a war. And although Soviet leaders asserted that Soviet military doctrine was profoundly defensive, the military emphasized that the offensive was the primary form of military operation. These conceptual ambiguities aroused suspicion and mistrust in the West. They helped create political support for strategic programs such as the MX missile and SDI, and for efforts to improve NATO's conventional forces. Soviet military doctrine contributed to the image of a Soviet threat abroad, and by provoking a military reaction from other states it imposed new military requirements and economic burdens on the Soviet Union.

Gorbachev has introduced the principles of defensive (or reasonable) sufficiency and defensive (or nonoffensive) defense in order to bring the political effects and the economic costs of defense policy under control. In the last three years Soviet leaders, both within the party and the military, have stated more clearly than ever before that a nuclear war cannot be won; they have emphasized that a large-scale conventional war in Europe would be almost as devastating in its consequences. The military has now been instructed to take the prevention of war, not victory in war, as the overriding goal. This implies that the Soviet Union should not try to build forces to win a major war but should aim for defensive sufficiency.

At the strategic level, sufficiency has been defined as the ability to retaliate under any and all circumstances. What that means in operational terms is not clear, since the targets to be struck in the retaliatory strike are not specified. At the conventional level, defensive sufficiency implies a rejection of the view that the Soviet Union should be prepared to win a major war in Europe by rapid offensive operations. In May 1987 the Warsaw Pact adopted a statement on military doctrine which stressed the defensive nature of the pact's doctrine, and called for the reduction of armed forces on the Continent to a level

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"at which neither side, in guaranteeing its own defense, would have the means for a surprise attack on the other, for mounting offensive operations in general."[13] The implementation of this concept would remove the inconsistency in Soviet doctrine between defensive intention and offensive capability.

This shift in doctrine has not merely been imposed upon the military by the party leadership. Some members of the high command seem to have had doubts all along about the feasibility of winning a conventional war in Europe by means of rapid offensive operations. Such a strategy had obvious problems: the political decision to strike would have to be made at just the right moment and would require precise and reliable intelligence; the danger of escalation to nuclear weapons could not be excluded; and NATO was beginning to develop a deep-strike strategy to counter Soviet offensive operations. Thus a military reassessment has combined with political considerations to move military doctrine toward the principles of defensive sufficiency and defensive defense.

These principles have been widely debated in the Soviet press. No one rejects them outright, but there has been much discussion as to what they really mean. Four questions have been at the center of this debate.

First, do these principles entail a major shift in doctrine with far-reaching consequences for strategy, operational planning and force structure, or do they merely codify an existing doctrine? Second, what role should the offense play in a defensive strategy? Is a counteroffensive capability a necessary part of a defensive strategy and can such a capability be distinguished from surprise attack potential? Third, is reasonable sufficiency the same as parity? Some have argued that it means parity at a lower level; others, that it should be understood as a minimum deterrent force. Still others have argued that while the forces and strategy of the other side have to be taken into account there is room for unilateral changes in force posture and force levels. The fourth question follows from this: Can these principles be implemented in a unilateral manner or only by agreement with other countries? In this debate the military has tended to stress the need for a counteroffensive capability, and to insist that defensive sufficiency and defensive defense can be realized in practice only if NATO and the Warsaw Pact both take steps to do so.

[13] *Pravda*, May 30, 1987.

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Western governments have been skeptical of Soviet statements about the principles of defensive sufficiency and defensive defense because, until Gorbachev's U.N. speech, they had seen no sign of a major redeployment or restructuring of conventional forces, or of a major reduction in defense expenditures or weapons procurement. Gorbachev's decision (in apparent disregard of military advice) to cut the Soviet armed forces by 500,000 men over the next two years indicates, however, that there is more to the new thinking than words alone. He has promised to withdraw and disband six tank divisions from Eastern Europe, and to remove river-crossing and assault units. These are key elements of Soviet offensive capability in Europe, and their withdrawal will be a significant practical step toward the adoption of a more defensive posture. Gorbachev has also said that the remaining Soviet divisions in Eastern Europe will be reorganized and their tank complement reduced in order to make them more clearly suited for defensive operations alone.

V

The new thinking has provided the basis for a much more flexible and dynamic arms control policy. Gorbachev has advanced numerous proposals for arms control ever since his January 1986 call for nuclear disarmament by the year 2000. The most notable achievement so far has been the INF treaty, which is significant not only because it eliminates a whole class of nuclear weapons systems but also because it permits unprecedented on-site inspection to verify compliance with its provisions.

In signing the INF treaty the Soviet Union dropped its previous position that the Soviet SS-20 missiles should be counted against British and French systems. Several explanations may be offered for this change. First, NATO's deployment of intermediate-range nuclear forces which could strike Soviet territory gave the Soviet Union a new incentive to reach agreement. Second, Gorbachev was anxious to revitalize arms control, and in particular to obtain an agreement that would restrain SDI. Although he eventually abandoned his efforts to link talks on INF with START, nonetheless Gorbachev may have hoped that an INF treaty would pave the way for a START agreement. He may have wanted to reach a major agreement with the Reagan Administration in order to make arms control politically respectable once more in the United States. Third, Gorbachev

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redefined the concept of sufficiency in 1986 when he rejected the idea that the Soviet Union should try to be as powerful as any possible coalition of opposing states. Besides, he no doubt hoped that removal of the SS-20s would help to improve relations with Western Europe and China.

The INF treaty has given impetus to arms control in general. In coming to the United Nations in December 1988 Gorbachev evidently wanted to ensure that momentum was not lost in the transition from one administration to another. Most of the requirements for a START treaty, which would cut strategic offensive arms sharply, have already been met. Although there are still difficult issues to resolve, an agreement could be concluded in 1989.[14]

One outstanding problem is the vulnerability of U.S. ICBM forces to a surprise attack. It is a matter of dispute how great a technical problem this really is, but it is clear that a START regime will not be stable if there are persistent worries about ICBM survivability. The United States will have to solve this problem by itself, at least initially, through its decisions on ICBM modernization; and since mobile missiles can contribute to stability, the United States should modify its present insistence at START that mobile missiles be banned. In the longer term the United States should press the Soviet Union to move toward a more stable regime with single-warhead missiles on both sides.

A second issue concerns long-range nuclear sea-launched cruise missiles (SLCMs). The Soviet Union wants to limit the deployment of these systems while the United States maintains that such a limit would require an unacceptable degree of intrusive verification. Verification would indeed be very difficult to arrange and it may be necessary to postpone a detailed agreement on this question, making do for the time being with a political understanding about the numbers of SLCMs to be deployed.

Third, a START treaty will not be possible without an agreement on the interpretation to be given to the Anti-Ballistic Missile Treaty over the next seven to ten years. If the Bush Administration wants a START treaty it should agree to abide by the traditional interpretation of the ABM treaty over that period. That would still allow a robust research and development effort in strategic defense. It would also allow time for

[14] See Sidney D. Drell, speech to the DARPA Strategic Systems Symposium, Oct. 26, 1988.

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negotiations about extending the ABM treaty to technologies and systems whose characteristics were unclear when it was signed in 1972.

There are thus serious problems to be resolved before an agreement can be signed. It should, nevertheless, be possible to find some way of dealing with these problems. The Soviet Union may modify its position on SLCMs, but it is less likely to change its stance on the ABM treaty, since the desire to limit SDI has been a consistent policy aim since 1983.

Gorbachev's new thinking offers some hope that progress may be made in conventional arms control. Even after his unilateral reduction of Soviet forces in Eastern Europe, the Warsaw Pact will still have more forces than NATO in central Europe. Given the asymmetries between the two alliances in geography and force structure, it will take time to agree on what constitutes an equitable balance. The approach that promises the best results for the short term is to agree on confidence-building measures that would reduce the danger of surprise attack in Europe. Data could be exchanged about manpower and equipment; observers could be exchanged to monitor key mobilization areas, transport junctions and air bases; zones might be designated where offensive forces could not be deployed. Measures of this kind could contribute greatly to security in Europe and pave the way for reductions in forces.

The agenda for arms control is clear. The first priority is to conclude a START treaty, while the second is to pursue an agreement that would reduce the danger of war in Europe. Gorbachev's new thinking has helped to create a favorable political climate for arms control; and arms control will test whether that climate can lead to beneficial results.

VI

In focusing on the external stimuli to the new thinking, I do not mean to slight its internal sources or its importance for perestroika. The foreign policy crisis that Gorbachev faced in March 1985 was only part of a broader economic and social crisis affecting the country. The buildup of Soviet military power had been accompanied by the erosion of the economic and technological basis of that power, and by a general demoralization of society, as evidenced in such social ills as alcoholism and corruption. These economic and social problems were the most obvious signs of a crisis in the Stalinist system by which the Soviet Union has been ruled for sixty years.

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It is this crisis that has been Gorbachev's first priority. He is not trying to improve the Stalinist system, but to replace it with a more efficient and more open model of socialism. It is conceivable that in 1985 another leader might have tried to muddle through, or adopted a more repressive policy at home and a more rigid policy abroad. But Gorbachev has shown his determination to deal with the crisis of the Stalinist system by far-reaching economic and political reform, and this has shaped his response to the foreign policy problems he inherited.

Gorbachev has tried to create a more stable and predictable international environment for his domestic reforms. Shevardnadze has said that the main requirement in foreign policy "is that our country should not bear additional expenditures in connection with the necessity of supporting our defense capability and the defense of our legitimate foreign policy interests. That means that we must seek paths to the limitation and reduction of military rivalry, to the removal of confrontational moments in relations with other states, to the damping down of conflicts and crises."[15] The needs of domestic policy have thus merged with the failures of Brezhnev's foreign policy to impel the Soviet Union to look for new approaches to foreign and military policy.

Gorbachev's domestic reforms have given his foreign policy greater flexibility; the improvement in human rights policy and the relaxation of censorship have raised Soviet prestige abroad and helped to convince Western governments that Gorbachev is serious in his efforts to reform the Soviet Union. Glasnost has also had its effect on foreign policy. The party leadership and the foreign ministry seem to be more open to nonofficial Soviet advice than before. A wider range of views on foreign policy now appears in print, and civilian analysts are writing studies of military doctrine and arms control. Most striking of all is the way in which the secrecy surrounding Soviet military affairs has been breached by on-site inspection to verify compliance with the INF treaty.

Gorbachev's determination to reform the Soviet system springs in part from a recognition that unless something is done to improve economic and technological performance, the Soviet Union will lose its status as a great power. The new thinking proclaims the need for a different balance between

[15] The text of Shevardnadze's speech to a meeting of the Diplomatic Academy on June 27, 1987 is published in *Vestnik Ministerstva Inostrannykh Del SSSR*, Aug. 26, 1987, p. 31.

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political and military instruments in foreign policy, while perestroika would benefit from a reduction of the military burden on the economy.

Further changes will be needed in the policymaking process, however, if the political, economic and military bases of Soviet security are to be brought into a better balance. Serious public discussion about defense policy will be possible only if information is provided about defense expenditures, force levels, military production and procurement plans. And to ensure that military policy does not contradict foreign policy, it may be necessary to adopt Shevardnadze's proposal that innovations in military policy should be checked by the foreign ministry to see that they conform to the Soviet Union's treaty obligations and foreign policy positions.

VII

Gorbachev's new thinking has been dismissed by some commentators as little more than propaganda, intended to lull the West into complacency. Certainly there is propaganda here, for the new thinking is designed to improve the image of the Soviet Union abroad and to reduce the perception of the Soviet Union as a threat. One of the great failures of Brezhnev's foreign policy was his mismanagement of relations with the United States. One of Gorbachev's most important challenges has been to convince the United States that it should seek a stable and cooperative relationship with the Soviet Union. He has had considerable success in this, partly because he has taken practical steps—signing the INF treaty, beginning the withdrawal of Soviet forces from Afghanistan, working for the settlement of regional conflicts and announcing unilateral troop cuts—to show that more than propaganda is involved in the new thinking.

In pursuing a more cooperative relationship with the United States, Gorbachev has not neglected the other great powers. He has sought, with great success, to reduce West European suspicion of the Soviet Union. He has succeeded in improving relations with China to the point where the danger of a U.S.-Chinese united front no longer exists. (Soviet-Japanese relations remain cool and distant, though Gorbachev may take some initiative to resolve the territorial issue that blocks the expansion of political and economic ties between the two countries.) Gorbachev has not, however, pursued better relations with the countries of Asia and Western Europe as an

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alternative to good relations with the United States. He has tried rather to influence the United States by depriving it of the capacity to organize an anti-Soviet coalition, thereby removing one of the main threats that Brezhnev's policies provoked. By presenting the Soviet Union as more cooperative and less threatening, Gorbachev is introducing a subtle change into U.S. relations with Western Europe and China (and perhaps eventually with Japan).

The new thinking has helped Gorbachev to extricate the Soviet Union from the foreign policy crisis of the early 1980s. Progress has been made in settling some of the regional conflicts that embittered U.S.-Soviet relations in the 1970s, and arms control has become once more an accepted part of the East-West relationship. The improvement in political relations offers some hope that the military competition will be restrained. Will the new thinking survive once it has served these tactical purposes?

Gorbachev has presented the new thinking as a long-term approach that not only meets Soviet interests, but also as an approach that responds to changes in the nature of international relations. There is, however, opposition to the new thinking in the Soviet Union, on the grounds that it embodies too romantic a view of the world and that it has resulted in too many Soviet concessions. It is also clear that some military leaders have reservations about the changes in military doctrine and wish to minimize the practical effects of these changes. It is difficult, therefore, to be categorical about the future of the new thinking, especially since there is no certainty about the success of perestroika. If present trends continue, it will be many years before perestroika produces significant economic results, so that the economic incentives for the new thinking are not likely to change soon. Besides, the premises of Brezhnev's foreign policy have been discredited, and a return to them is therefore unlikely.

The new thinking provides a general framework for policy rather than a detailed plan of action. Hence there is much that is still unclear about it and its implications for Soviet policy. It is not apparent, for example, precisely how force structure and operational plans will be brought into line with the principles of defensive sufficiency and defensive defense; nor is it evident how far the Soviet Union will try to implement the new thinking by unilateral measures rather than by negotiated agreements.

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Nor, to take a more specific instance, is it clear how Soviet attitudes toward Eastern Europe will be affected. Gorbachev has spoken of freedom of choice for all countries without exception, and Soviet spokesmen have renounced the Brezhnev Doctrine. But the Soviet Union might justify intervention by declaring, as it did in Czechoslovakia in 1968, that any threat to its security interests resulted from Western interference and not from indigenous political developments.

It is right for Western governments to test Gorbachev, to probe the obscure areas in the new thinking, and to explore the practical implications of what he has said for arms control and for regional security. They should press for more openness in Soviet military affairs as one of the conditions for a stable and predictable strategic relationship. But the new thinking should also be tested in cooperative ways to see whether more can be done jointly with the Soviet Union in dealing with such global problems as disaster relief, protection of the environment and the elimination of disease.

The failure of détente in the 1970s showed how important it is for the United States and the Soviet Union to heed each other's concept of international relations. It also showed that declarations of principles should be assessed in terms of their practical implementation. The Bush Administration should pay attention to the new thinking and exploit the opportunity it offers for practical and specific measures to move East-West relations, and the Soviet-American relationship in particular, onto a more stable and cooperative footing.

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Robert Legvold

THE REVOLUTION IN SOVIET FOREIGN POLICY

A revolution is under way in Soviet foreign policy greater than any in the postwar period, indeed greater than any since Lenin in the early years of his regime accepted the failure of the pan-European revolution and allowed the Soviet Union to join the game of nations. The current upheaval is on a scale with the other dramatic foreign policy reorientations of the last half-century: comparable to the 1940s when U.S. foreign policy moved from isolation to global engagement; greater, in fact, than the 1950s when French policy passed from the modest aims of the Fourth Republic to the grand enterprises of de Gaulle's Fifth Republic; and greater, too, than the 1960s in Chinese policy, a ten-year transition from a troubled alignment with the Soviet camp to an emerging realignment with the West.

Steadily but chaotically, with a lurching, creative energy, the transformation has cut wider and deeper into the rudiments of Soviet foreign policy. For three and a half years, changes have accumulated, spreading from one sphere to the next, altering not merely the workaday calculations that trapped Mikhail Gorbachev's predecessors in their Afghan imbroglio and in their leaden approach to the Euromissile challenge, but altering the assumptions by which the Soviets explain the functioning of international politics and from which they derive the concepts underlying the deeper pattern of their actions. Revolutions of this kind do not make states into saints nor do they remove them as preoccupations in the policies of other nations, but they do leave a vastly different challenge. Once understood by the outside world, such revolutions create new imperatives and often new opportunities.

Why now? Why, when only a few years ago Soviet policy seemed so menacing in its rigidity? A part of the answer lies in

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the fact that radical circumstance often stirs radical change, and the Soviet circumstance these days is surely radical. Rarely, if ever, has a leadership under the duress of a basic failure of its system attempted so much. It would be difficult to do what Gorbachev wants to do to the Soviet economic and political order and not also affect the foreign policy order, to focus on massive problems in one sphere and ignore those in another, to turn society upside down but leave the external stakes of the country untouched, or to reexamine the entire Stalinist experience but give no thought to the lessons of the last twenty years in foreign affairs.

When a foreign policy has diminished national welfare and weakened the state's ability to influence or control external change, as so many Soviet spokesmen now freely admit has been true of Soviet policy, the price of not responding mounts. Moreover, no country, least of all a superpower such as the Soviet Union, can disregard the constraints and requirements of a changing international environment, one less and less amenable to old formulas and presumptions. In the Soviet case, intellectuals and various parts of the foreign policy establishment have known this for some time, and over the last decade they have slowly created the foundation of a substantially different Soviet approach to international politics. When all these influences converge, especially in the presence of a leader like Gorbachev, great, even revolutionary, departures come more naturally.

Revolution is not a word to be used lightly. To qualify, change must be of historic proportions. It would not be enough for the Soviet leadership to alter its actions in this or that respect, even if some of those shifts represented important breaks with the past. Even far-reaching modifications in strategy would be insufficient.

What must change is thinking. Real revolutions are, ultimately, conceptual. Unless the national leadership's understanding of the realities of the world undergoes a modification, no initiative, no matter how surprising, carries sufficient depth or conviction. Therefore, to assume that only deeds, and not words, count, as cautious Western audiences have so often done in reacting to Gorbachev, ignores what deeds owe to words, when words represent the concepts by which leaders come to terms with reality. Before behavioral revolutions come conceptual revolutions.

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II

Since Gorbachev came to power in March 1985, Soviet ideas about international politics and how the Soviet Union should perform as a superpower have been in constant flux. No aspect of policy, no dimension of the intellectual underpinning of policy, remains untouched. In the process the tumult has slowly engulfed the whole of policy, from the mechanisms of its formulation to the core assumption on which it rests. Indeed, the sheer sweep of the drama is what should have first caught our eye.

There is, however, a good deal more. What gives such power to the conceptual revolution currently under way is its appearance on three different and critically linked levels. Change at any one level would be important enough. Take, for example, change in what might be called *basic concepts*, or the key notions by which the Soviet leaders and foreign policy elites make sense of the opportunities and problems posed for them by the world outside. These have not been so thoroughly reconsidered for more than sixty years—not since the wrenching adaptations to the Treaty of Brest Litovsk, the civil war and the Rapallo accords. Literally every dimension of Soviet policy is being touched.

First, Gorbachev has radically altered the Soviet concept of national security, or, at least, the framework within which it is discussed. He has raised the most fundamental questions: What constitutes national security in these waning years of the twentieth century? How is a superpower like the Soviet Union to pursue it without becoming its own worst enemy? His answer, boiled down to its two essential parts, stresses, as the answer of no Soviet leader has before, (1) the insufficiency of military power as the way to national security, and (2) the link between national and mutual security.

As early as the 27th Party Congress in February 1986, Gorbachev began to convey an unusually complex appreciation of what constitutes national security. The military dimension, he has since said over and over, is but one aspect of the problem—almost certainly not the main one. It is not merely, to use his words from the party congress, that "the character of contemporary weapons leaves no country with any hope of safeguarding itself solely with military and technical means, for example by building up a defense system, even the most powerful one." More to the point, in the present era, according to

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Gorbachev, most threats to national well-being are not military but economic and political—and the possession of military power, let alone its use, provides little or no solution to these threats.

The second theme emerged in the fall and winter of 1985. After that year's Geneva summit Gorbachev went out of his way to emphasize his "deep conviction" that, were the United States to possess less security than the Soviet Union, only bad could come of it, because inevitably only mistrust and greater instability would follow. No nation's security, he has repeated often since, can be achieved at the expense of another country. Thus national security cannot be divorced from mutual security. "To think otherwise," he said in August 1986, "is to live in a world of illusions, in a world of self-deception."

Of still greater significance, Gorbachev has also helped to reorder a second basic concept. From Lenin's day it has been an article of Soviet faith that the struggle between two social systems, capitalism and socialism, creates the core dynamic of international politics. The notion is not simply hollow cant. What the Soviets have thought about the possibilities of East-West relations and what they have felt obliged to do for Third World revolutions derive from it.

No longer, say Gorbachev and the many who take their cue from him. Not the struggle between classes but the common plight of man forms the central imperative. Not a Manichaean contest between good and evil, but the entangling effect of interdependence, holds the upper hand. Aleksandr Yakovlev, Gorbachev's alter ego in the Politburo, spoke last August of a "planet compressed to an unprecedentedly small size," a world whose history can end with "the touch of a button," a world in which "any event becomes the property of five billion people within hours," a world needing not the primacy of "individual countries or classes, people, or social groups," but ways of countering "the forces of separation, of opposition, of confrontation, and of war, which have already delayed the development of civilization by whole centuries."[1] The Soviet foreign minister, Eduard Shevardnadze, third among the most powerful Soviet foreign policy figures, views as "anti-Leninist" the Khrushchev-Brezhnev thesis of peaceful coexistence as a specific form of class struggle.

[1] From *Vremya* broadcast, Aug. 12, 1988, as reported in *Foreign Broadcast Information Service*, Aug. 16, p. 52.

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The third change concerns the place of the Third World in international politics, and of the superpowers in the Third World. Soviet thinking in this respect no longer resembles what prevailed in the pre-Gorbachev era. Hardly anyone pretends any longer that the woes and turmoil in Asia, Africa, the Middle East and Latin America are part of some grand, heroic "national liberation struggle," once the excuse for Soviet commitments and intrusions. Instead, Third World conflicts are portrayed more as a vast drain on the pitiful resources of developing countries and a "catalyst to local and international tensions."[2] Or, as Gorbachev proclaimed in his speech before the U.N. General Assembly this past December: "The bell of every regional conflict tolls for all of us." There is a corollary: not so long ago Soviet leaders and elites treated their own country's role in the Third World imperiously (beyond reproach and none of the United States' business); now they agree that any future agenda of détente with the Americans must set limits to superpower intervention.

Finally, the concepts by which Soviet leaders order their relations within the world of socialism—with Eastern Europe, China and nonruling communist parties—are no less in flux. Considering the importance and scope of the conceptual categories already discussed, to add this fourth one is to say that no piece of the foundation of Soviet foreign policy remains unaffected.

From the late 1940s, when Stalin made over Eastern Europe in his own image, according to the Soviet catechism, the socialist world has been a universe unto itself: Soviet leaders have refused to admit that within it relations could be anything other than harmonious, built as they were on the "general laws" (or imperatives) of socialist development, laws validated first and foremost by the Soviet model. Assuming a natural, even preordained, unity, Soviet leaders and their proconsuls in Eastern Europe presumed not merely a need, but a right to discipline any serious deviation from it.

Under Gorbachev, the catechism has changed. Those who reflect deeply on the power of the Soviet Union in its relations with Eastern Europe (and, in the long run, in Sino-Soviet relations), including Gorbachev, Yakovlev and Shevardnadze, now acknowledge that socialist international relations are no

[2] A. Kislov, in the journal *Mirovaya ekonomika i mezhdunarodnye otnosheniya*, August 1988, p. 39.

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different from those of any other type of polity. They are as prone to conflicts, including armed engagements arising from self-interest and ambition, as are relations among and with other systems. In light of this, Soviet leaders now ask: Why pretend, let alone demand, that a "single truth," a single shared wisdom, should prevail within what until recently was called the socialist commonwealth?

III

The revolution in Soviet foreign policy is occurring on yet another level, where notions more directly inform practical choice, the level of *policy concepts*. The change is stunning and portentous. If Soviet leaders are rethinking the very notion of national security, they are also revising the concepts that guide their defense decisions and their negotiating posture in arms control settings. Three new ideas form the core of this transformation.

The first is the notion of "reasonable sufficiency," an idea Gorbachev himself first introduced at the 27th Party Congress in 1986. By these words, he and other nonmilitary commentators mean something less than parity, not to mention superiority. In simple terms, they are advocating that the Soviet Union cope with, rather than keep up with, the Joneses. Rather than imitate every new U.S. program, such as the Strategic Defense Initiative, it would be better, in their view, if the Soviet Union were to take the cheaper and simpler route of developing means of foiling the weapons the Americans field. And rather than match the capabilities of each and every country whose arms could threaten the Soviet Union, they would ask of Soviet defenses only that they meet threats that might be plausibly imagined.

Gorbachev has not provided specifics, doubtless because he does not yet have them in mind. But others, beginning with his foreign minister, are filling in the blanks, and their thoughts have far-reaching implications for the Soviet approach to the military competition with the West.[3] In the strategic nuclear realm "reasonable sufficiency" would end the quest for a Soviet arsenal designed to overmatch the United States at every rung up the ladder of nuclear escalation—including, in the end, a force designed to devastate the nuclear arms of the other side—

[3] A particularly compelling example is Aleksei Arbatov, "Parity and Reasonable Sufficiency," *International Affairs*, October 1988, pp. 75–87.

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and replace it with a secure retaliatory force capable of ensuring some essential but minimal level of deterrence. In conventional arms the concept would leave the Soviet Union with forces capable of defending against a surprise attack but not of launching one or, more important, of conducting a large-scale, extended offensive. As for Soviet military power usable at great remove, according to the new doctrine there should be enough to help discourage outside interference in local crises, but not to make revolutions or save clients too feeble to defend themselves.

The other two ideas are strategic stability and defensive defense, the latter with its corollary of asymmetrical arms reductions. Strategic stability incorporates the technical, and narrower, American notion of crisis stability (namely, a structured nuclear balance that reduces the temptation for hair-trigger response in crisis situations) but goes much further. For more than a year, Soviet experts working on the problem have struggled to imagine a more stable nuclear regime at drastically reduced levels of armament, one that takes into account not merely the characteristics of weapons systems, but also the effects of strategic doctrine and even of political context.

Defensive defense embodies the simple idea that in no sphere of military power, conventional or nuclear, should either side be able to launch and maintain a vast frontal offensive. The idea is simple; figuring out how to achieve it is another matter. Gorbachev, however, in summer 1986 did introduce a new, albeit vague, guideline for proceeding, one that has since become a standard Soviet formula: let the side with an edge be the one to sacrifice more in order to create a more stable balance at lower levels.

The knowledgeable reader is no doubt protesting: "But these notions have not been embraced by much of the Soviet professional military—and is that not a complication of some consequence?" Indeed it is, yet not one to be overestimated. First, to say that the military by and large does not use the same concepts is not to say they have consciously chosen against them. Second, where their preferences are clearly in conflict with the new ideas, that is not to say they will fight to have their way. And, third, in those instances where they do choose to fight, this is not to say that they will win, given their current comparative political disadvantage.

Other new policy concepts parallel Gorbachev's reformulated insight into the basic dynamic of contemporary interna-

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tional politics, an insight that exalts interdependence and devalues class struggle. Reduced to their essence, these concepts stress multilateralism in place of great-power unilateralism and substitute responsibility of the many for the arrogated duty of the two superpowers. This in turn means strengthening international institutions, such as the United Nations, to give them a larger role with all manner of tasks, from facilitating communication during crises to providing aid in environmental emergencies, from managing regional violence to policing the fragile settlements by which such violence is ended. However, it also means altering Soviet institutions and practices that make the U.S.S.R. an unfit participant in other international institutions, such as the General Agreement on Tariffs and Trade (GATT) and the International Monetary Fund.

The Soviet leadership has not been as successful at developing policy concepts to go along with shifts in its thinking about the place of the Third World in international politics. Since late summer 1987 Soviet speakers have begun favoring political over military settlements and suggesting the notion of "national reconciliation" as the way out of the chaos in places like Afghanistan, Angola and Cambodia—and this might be taken as a new policy concept. But it may only represent a recoiling from the ardors of these particular entanglements, rather than a more durable new approach to regional instability as such. In the last year or so, however, Soviet academics have urged that the United States, the Soviet Union and other great powers begin designing an explicit code of conduct regulating their intrusions in the Third World. The outlines of such a code remain foggy and, at times, distinctly prejudicial to the far-flung basing of U.S. military power.

Of the transformations in basic concepts, the gravest and most traumatic is the process of rethinking Soviet relations within the socialist world, particularly with Eastern Europe. Not surprisingly, therefore, Soviet leaders are not having an easy time generating concrete concepts to guide policy in this area. Two departures, however, have enormous implications. First, the old notion of "socialist internationalism," for decades a euphemism for Soviet tutelage, has been replaced by something far closer to laissez-faire. East European regimes are to be left essentially alone to solve their own problems and make their own mistakes. Second, the Brezhnev Doctrine, while not actually lifted, no longer sets the same limits to change. Put differently, doubtless there are still circumstances in which the

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Soviet Union would intervene with force, but they would probably not include those of 1968 and 1981.

In sum, we are witnessing significant changes in basic concepts and operational policy. What makes all of these changes on the two levels still more momentous, however, is the passage occurring on a third level.

To a degree particularly difficult for Americans to understand, *fundamental assumptions*, on which the entire edifice of Soviet foreign policy beliefs ultimately rests, are at stake. Never, not even in the 1940s or as a result of the Vietnam War, have Americans been forced to reexamine the basic premises of their worldview. In the Soviet Union, today, people are engaging in such a reexamination. No two matters are more fundamental to the Soviet mind than revolution and capitalism, and the view of each has come to a remarkable pass.

Twice before, the Soviet conception of revolution has undergone profound change. The first time was in the years following 1917, when Lenin's rationalization of the Russian Revolution as the "spark" for a European revolution died, and Soviet leaders were left to fend for themselves. The second time was in the 1950s, when the advent of the nuclear era forced them to rethink the relationship between war and revolution, and, therefore, accept the argument for peaceful coexistence.

Now comes a third transformation: the end of revolutionary faith. Its last repository had been the Third World, but nothing any longer convinces most Soviet observers that revolution is the probable fate of most developing countries (not, at least, the kind of revolution that they would wish to see); more likely their fate is either political vagrancy or, for those that escape into the ranks of the newly industrializing countries, something more akin to capitalism.

Capitalism, too, is coming to represent something vastly different for Gorbachev and his supporters. They are more attentive to the durability of capitalism, as the twentieth century draws to a close, than to its predicted doom. More of their sensitivity is concentrated on its dynamism than on its crises, a dynamism that some openly, others by implication, acknowledge has shamed socialism. For capitalism has successfully made the transition from the industrial to the technical-information age, while socialism has yet to prove that it can—an admission that one finds in Soviet journals these days. (Hence, not so incidentally, the "crisis" of communist parties in the West, to put it as Soviet commentators now do.) And the discovery that

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certain ills, such as militarism, are not in fact intrinsic to capitalism engages more attention now than do the features which the Soviets continue to regard as capitalism's flaws.

When Gorbachev can come to New York and deliver a speech in praise of tolerance and diversity and "the universal human idea," raise the revolution of 1789 to equality with that of 1917 as a source of "a most precious spiritual heritage," identify "freedom of choice" as "a universal principle that should allow for no exceptions," reject force or the threat of its use as an instrument of policy, and call for a more open international order, he may risk being "a little too romantic"—and Gorbachev has acknowledged that some of his own people think he is. But his words should not be regarded as mere bluster. Not when values, assumptions and prescriptions are being recast at every turn, at every level, in every dimension of policy.

IV

Is the revolution in Soviet foreign policy really so radical? What evidence might be offered to the skeptic? The evidence is threefold: first, the nature of the process Gorbachev has set in motion; second, the opposition to it; and, third, the actions accompanying the process.

First, what is the nature of the process? It seems reasonable to suspect that something so comprehensive cannot be easily scripted by one oligarch—or even by a score. When literally every dimension of policy is affected, an invisible, not a human, hand is at work. What is more important, the process has been from the start unsystematic in its essence, far too much so to be simply a clever contrivance. In a less natural process, the progression would be more logical: first, the affectation of a shift in fundamental assumptions, then the supposed adjustment of basic concepts, and from these an appropriately modified array of policy concepts.

But that is not at all what has been happening. On the contrary, change has come piecemeal and out of any logical order. It has tumbled forth on all levels at once. The process has been like some great random sewing machine, stitching back and forth, slowly exposing the pattern. Gorbachev starts by acknowledging, at last, the interconnection of national and mutual security, or maybe simply by coming forward with a new negotiating position in the Strategic Arms Reduction Talks (START), or maybe by vaguely suggesting a new standard for

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defense, which he calls reasonable sufficiency, all of which did happen between October 1985 and February 1986. Others then seize the opening and push the argument forward, taking a notion like reasonable sufficiency and spelling it out, adding as well other logically related new ideas, such as strategic stability or defensive defense. Within months these accumulating notions make their way back into the next Gorbachev or Shevardnadze pronouncement.

Meanwhile, each part of the establishment—the policy leaders in a vague and sweeping fashion, the policy intellectuals in a more elaborate and specific fashion—attacks one issue, only to find itself led to another still more fundamental conclusion. Thus, someone sets out to elaborate an idea, say the notion of "reasonable sufficiency." He then begins to question the role of military power in Soviet policy and finally to admit, as did Americanologist Georgi Arbatov, that "in the past we did not realize, as we realize now, the limited possibilities of the use of military power"; as a result "our national security policy overemphasized military means."[4] Such questioning of the place of military power in Soviet foreign policy prompts others to challenge the whole Soviet concept of what threatens the U.S.S.R., a question that began to emerge in academic articles by early 1988 and now threads its way through leadership speeches.

We were wrong, these Soviet policymakers say, to conceive of the threat in thoroughly military terms, to represent the military threat as one of war, and to imagine the war would likely break out in central Europe. In fact, they argue, the real threat has increasingly become the deformation of the Soviet economy produced by a preoccupation with military power, a debilitating order of priorities consciously imposed on the Soviet Union by a richer West. Indeed, they ask, how is it that Soviet military power grew throughout the 1970s, while Soviet national security, when thought of in terms of the country's economic, social and political stability, shrank?

The process continues. It is not enough to stop with a rethinking of the nature of the threat, a growing number of Soviet leaders contend; the need is to grapple with the larger question of where Soviet national interests lie. Shevardnadze referred explicitly to this problem in an important address to a foreign ministry conference last July, and since then a number

[4] "Perestroika, Glasnost and Foreign Policy," unpublished paper, 1988.

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of writers have offered bold responses.[5] Their common theme is that the mindless willingness to make commitments in the past, the reflexive jockeying for international position and the struggle for spheres of influence scarcely corresponded to the nation's real national interests. They urge instead that foreign policy be corralled and made to serve the interests of society, not a disembodied "bureaucratic internationalism," as one of them puts it.

Although paradoxical, a second reason to take the process seriously is the opposition to it, or at least to certain aspects of it. (Of course, opposition is also a reason to fear for the future of the process.) When Yegor Ligachev, thought to be the second-ranking member of the Soviet Politburo until recently, argues on behalf of a class-based view of international politics and defends the notion of class struggle, as he did last summer, it is a reasonable deduction that he regards the new ideas as more than an artifice.

But, if the misgivings of more traditional minds give us further reason to believe something real is afoot, are they not also reason to avoid overrating its chances of success? If there is indeed a struggle under way, who is to say the architects of the new concepts will prevail? In the abstract this is a perfectly prudent concern. In reality, it gravely miscalculates the current state of affairs.

Gorbachev, Yakovlev and the others are *not* locked in a furious battle with critics of their foreign policy program. Ligachev obviously worries about the potential loss of self-identity and ballast when old and familiar ideological frameworks are abandoned. But to compare the 28 lines in one of his speeches with a virtual avalanche of pent-up new ideas seems less than judicious. Conservative skepticism over what is being said and done by Gorbachev in foreign policy certainly must exist but, to keep matters in proportion, one has to look long and hard to find traces of it in the public record, quite unlike the case with criticism of his domestic reforms. Moreover, with the important exception of the military, when we consider the ranks of those who make or influence Soviet foreign policy—whether the dominant figures in the foreign ministry or the international apparat of the party, the personal advisers to key Politburo members, senior figures in the media

[5] For one of the boldest, see Igor Malashenko, "Ideals and Interests," *New Times*, November 1988, pp. 26–28.

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or the most powerful personalities within the Academy of Sciences—an overwhelming proportion are part of the revolution, not a threat to it.

Finally, Soviet actions over the last three years, particularly in the last year and a half, suggest that the churning in Soviet minds is genuine. Some of the evidence lies in a wide range of what might be called symptomatic behavior. Releasing Andrei Sakharov from internal exile in Gorky in December 1986 was an early illustration. Paying long-owed obligations for U.N. peacekeeping operations in May 1988 was another. Handling the hijacking of a Soviet cargo aircraft in November 1988 as Washington itself might have was a third. This behavior is symptomatic because, while none of these actions is crucial, taken together they represent something qualitatively different from the Soviet Union's past demeanor.

By now the list is long: the end to the jamming of foreign broadcasting; the bid for observer status in GATT, the Asian Development Bank and the Pacific Economic Cooperation Council; collaboration with British law-enforcement agencies against drug trafficking; cooperation with the International Atomic Energy Agency investigating the Chernobyl disaster; the vote in favor of keeping Israel and South Africa in that agency; the creation of a commission to examine the so-called blank spots in Polish-Soviet history—and so the list swells. It is already too long and too diverse to be only a nondescript series of random occurrences.

The same can be said of Soviet actions in areas that truly count. For a long time after Gorbachev came to power, skeptics had a point when they reminded audiences that the deeds of the Soviets were less inspiring than their words. But this case is harder and harder to make. The agreement to eliminate intermediate-range nuclear forces (INF), largely on NATO's terms, could be explained as a hard-headed, albeit courageous, corrective to a politically and materially expensive mistake. So could the decision to withdraw from Afghanistan. One realizes, however, that even these decisions carry more profound implications. Leaving an agony like Afghanistan by cutting and running, as others like the French and Americans know too well, sets limits to future interventions. Making a deal with the West on INF involving the destruction of a whole generation of modern weapons (without the destruction of the threat for which they were designed) and allowing the most intrusive forms of verification is an impingement on defense decision-

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making such as has not been allowed under any Soviet leader since Khrushchev.

From the start, there have also been other actions that broke more clearly with the past. One such action was the decision in October 1985 to offer 50-percent reductions in strategic nuclear forces, including subceilings that could greatly lessen the Soviet threat to U.S. fixed land-based missiles (at one time the essence of the American fear of a "window of vulnerability"). The acceptance of on-site verification in the INF agreement is another. A third is the effort to address China's three "obstacles" to better Sino-Soviet relations by initiative rather than rhetoric, including since late 1987 the active cajoling of Vietnam to pull its troops out of Cambodia.

In December 1988 in New York came a fourth break—one which almost no one was prepared to pass over. A unilateral decision to cut Soviet active military forces by 500,000 troops, or almost 15 percent, and to withdraw more than 40 percent of Soviet tank divisions from Eastern Europe, together with 50 percent of Soviet tanks, is a giant shift in the Soviet approach. Only some very basic adjustment of Soviet thinking can explain it. If, in fact, a less-publicized but more significant pledge in the Gorbachev speech comes about, a very real revolution in behavior will have occurred. "All Soviet divisions remaining, for the time being, on the territory of our allies are being reorganized," he said. "Their structure will be different from what it is now; after a major cutback of their tanks it will become clearly defensive."

V

What is the West to do? How are we to cope with one of the great foreign policy reorientations of our times?

The answer, in most capitals, is "cautiously." The reason, even for those who take Gorbachev at his word, has ultimately to do with another kind of uncertainty. What if it all ends tomorrow? What if Gorbachev disappears—or, if he survives, what if the pressure of circumstance causes him to retreat? Most counsel: "Take hope from the change, but don't lower your guard, don't overestimate the new, and don't count on the future."

This time, however, caution is the enemy of the sensible. The problem arises from a misreading of the sources of the transformation taking place in Soviet foreign policy. Most take it for granted that what is happening is owed entirely or largely

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to the Soviet crisis at home or, at a minimum, to the way Gorbachev sees the crisis. It follows that, should the Soviet predicament worsen (or, less likely, ease) or should Gorbachev be replaced by someone who takes a different view of it, the same impulse to change will no longer exist.

Unquestionably the Soviet leadership's domestic preoccupations are a major factor. Gorbachev says so in every foreign policy speech. At the April 1985 Central Committee plenum and often since, he has made it plain that his domestic agenda dictates everything else and that foreign policy will comply with its needs. Those at the forefront of the new thinking freely admit that, but for the domestic drama, the changes they care about would not be coming so rapidly and dramatically. Almost certainly there is another connection: when Gorbachev and the others engage in soaring thoughts about change within the Soviet Union, presumably they find it easier and more natural to entertain great conceptual leaps in the foreign policy realm as well.

Important though the domestic factor is, however, it does not alone, or perhaps even primarily, account for the revolution under way in this other context. The requirements of the international setting also play a role. The truth is that virtually every dimension of the change has antecedents in the period before Gorbachev, because the realities of international politics have for more than a decade been forcing Soviet foreign policy elites to rethink many of their assumptions. Quite apart from the trouble at home, they understand the need to reconsider the problems of managing alliances, of using force, of achieving influence and of making commitments. It is the world outside, not the mess inside, that has led them to think through the character and weaknesses of their power abroad, the hazards of interventionism, the causes of insecurity, the significance of interdependence and the costs of autarky. Whatever happens to Gorbachev or to his effort at perestroika, the same pressures will be there. He has most assuredly accelerated and deepened the process of adjusting, and his passing would slow its momentum—but not end it. The conceptual revolution I have been describing can be undone only by leaders who plan to disregard powerful and unforgiving realities (and the failures of past policy).

No one should conclude from all this that the Soviet Union will soon cease to be a concern of U.S. policy. Talk of what it will do to the United States and the Western alliance to lose

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the Soviet Union as an enemy is wildly premature. Nothing in what I have laid out implies that the Soviet Union will soon *embrace Western ways, forswear great ambitions abroad or* cease to be a military superpower. Nothing guarantees that Soviet leaders will never again offend the West by the use of force at home or in Eastern Europe, or worry it by their involvements far from their own borders.

But a historic opportunity now presents itself to the United States and its allies, and neither timidity nor old ways of framing the issue are the right response. It is fashionable these days to say the cold war is over and the West has won. What many people do not realize is that we in the West are in danger of ending it on Soviet terms. For it would end on Soviet terms if Moscow finally established itself in the eyes of the world, including those of our own people, as the leadership with the greater vision and the more compelling foreign policy values, as the leadership more willing to run risks for a safer and less militarized international order, as the leadership more committed to strong and effective international institutions, and as the leadership more ready to free us from the contests of the past.

Thus, when NATO, after a great deal of debate, puts forward a proposal by which the Soviet Union does all the cutting of conventional forces while we only watch, a proposal in which the objective is to relieve Western concerns and defer Eastern concerns, and when the first instinct of prominent Western public figures faced with Gorbachev's pledge of unilateral arms reductions is hand-wringing over the impediments it will put on efforts to modernize NATO's tactical nuclear weapons, then the West is doubly foolish: first, for not understanding the opportunity now open to it; and second, for casting itself in the eyes of the rest of the world as the hidebound.

Not so many years ago many commentators located the root of the Soviet challenge in the Russian quest for absolute security. Maybe it is now the West that is more in danger of calculating excessively the margin of security, not daring to run risks in the uncertain hope of creating far greater stability and safety.

The West makes some of the same mistakes when it underestimates or, worse, dismisses Gorbachev's new emphasis on multilateralism. If by his statement and the accompanying array of proposals he is telling the West of his country's readiness to diminish the role of both superpowers in supervising interna-

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tional politics and to transfer to others many of the rights and duties seized by these two over the last forty years, it is not in the West's interest to turn a blind eye. What gain is there for the United States and other Western powers to be seen as cynical toward the United Nations and other international institutions with a political contribution to make, while the Soviet Union moves in the other direction?

As the new Soviet leadership has begun to stir interest in the West, the closest thing we have had to statesmanship is the urging that we "test" Gorbachev, by which is meant that we take him seriously and probe to see how far he is willing to alter Soviet policy. It seems increasingly irrelevant advice, as Gorbachev meets more and more tests we have not yet collected ourselves to pose. Increasingly the test is for the West: Do we have the imagination, creativity and courage to respond to the very revolution in Soviet foreign policy for which we have waited half a century?

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Charles Gati

EASTERN EUROPE ON ITS OWN

No easy generalizations, and certainly none that are conclusive, can be offered about the frequently surprising, fast-changing and ultimately ambiguous and confusing world of Eastern Europe. The observer must aim at a moving target, not only because of the rapid pace of new developments but especially because of the gap between reforms proclaimed and reforms pursued, reforms announced and reforms implemented.

Confusion persists because, on one level, nothing has changed in Eastern Europe. The Warsaw Pact is in place and functioning. For the time being, the leading role of the region's communist parties—the exercise of one-party rule—remains in force. Some version of "socialism" is embraced by reformers and antireformers alike.

On another level, however, everything about the area is in flux. The term "Soviet bloc" is becoming a political misnomer. Differences among the region's six states are so acute that it is now less appropriate than ever to speak of "Eastern Europe" as a single entity.

Ideologically, the foundation of the East European alliance is sinking, the edifice of its socialism is cracked. "Marx has turned out to be right, after all," began an article published in a prominent Hungarian weekly in the fall of 1988. "It is in the advanced capitalist countries that socialism has come into being." Some East European officials now even regret the split in socialist ranks that took place at the turn of the twentieth century; they speak of the political wisdom and economic achievements of their erstwhile enemies, the social democrats of Western Europe. Meanwhile, at the other end of the ideological spectrum, Romania's Nicolae Ceaușescu assails ongoing

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reform in the Soviet Union and some parts of Eastern Europe as "capitulation to capitalism."

Politically, too, Eastern Europe is in a state of disarray and division. In one ring, Hungarian and Polish reformers and professed reformers meet the region's "Gang of Four"—Brezhnevite Bulgaria, Czechoslovakia and East Germany, and neo-Stalinist Romania. In another ring, where the contenders appear in old nationalist uniforms, the main event pits Hungary against Romania, facing off over Ceaușescu's particularly harsh treatment of the large Hungarian minority in Transylvania. The bottom of the card features "orderly" East Germans and Czechoslovaks sparring with Polish "troublemakers."

Economically, yesterday's grand hopes about surpassing capitalism have given way to intense competition among East Europeans to gain capitalist hard currency and to establish a system of favorable treatment by the Common Market before the fateful year of 1992—the year when the European Community intends to do away with internal trade barriers. As their debt to the West keeps growing, and as their balance of trade with the Soviet Union is now also unfavorable, most East Europeans hope against hope for Western help to save the region's decrepit economies, just as the original Marshall Plan saved Western Europe forty years ago.

In economics as in politics, Romania leads the antireform pack. With the Ceaușescu family at the helm, there is neither perestroika nor glasnost in that country. As Ceaușescu upholds his highly oppressive version of socialism, basic foodstuffs are still rationed (as they have been since 1981). Czechoslovakia and East Germany offer faint praise of Gorbachev, expecting his failure. With economic performance tolerable if unpromising, neither regime sees any need to introduce reforms. While there must be "closet reformers" in both countries—an economist in Prague or a middle-level party leader in East Berlin—at the top, orthodoxy prevails. Both regimes are openly critical of what they read in the Soviet press and both forbid glasnost at home. The only apparent difference between the two countries is that East Germany favors Gorbachev's more realistic policies toward Western Europe, no doubt because they complement East Berlin's vital link with West Germany. As for Bulgaria, the clue to party chief Todor Zhivkov's political outlook is less his unqualified verbal support for Soviet domestic and foreign policies than his deeds. One such deed was the

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summary dismissal last summer of his heir apparent, Chudomir Alexandrov, who was reportedly accused of "new thinking."

Poland and Hungary are different; most of their leaders root for Gorbachev. In the spirit of glasnost, Polish television showed an extraordinary debate between Solidarity leader Lech Wałęsa and the head of the official labor union last December, a debate that the shrewd Wałęsa is said to have easily won. In mid-1988, the Hungarian press revealed the budget of the Communist Party, including its leaders' salaries. Though economic reform is also in vogue in both countries, the shelves are still empty in Poland, while most goods are readily available but increasingly unaffordable in Hungary. Thus, unlike other East Europeans who eagerly await reforms, many Poles and Hungarians have reached the conclusion that their system cannot be reformed.

What has come to exist in Eastern Europe, then, goes beyond diversity—a term long used to describe occasional East European departures from rigid Soviet patterns and policies. Diversity was exemplified when Moscow showed intolerance toward religion while Warsaw tried to work with the Catholic Church, or when Moscow upheld centralized planning and Budapest began to flirt with the market. Today, by contrast, the winds of change blow from the Soviet Union to Eastern Europe and not the other way around—and most East European regimes, making use of their newly granted if still limited autonomy, are dissociating themselves from Mikhail Gorbachev's policies of reform. Most are, in fact, united against almost everything he stands for, and they are unwilling to follow his example.

With only Hungary and Poland backing Gorbachev, and emulating especially his policy of glasnost, the region's old diversity is thus turning into a new political schism. The emerging rift lacks the decisiveness and vindictiveness of earlier disputes such as the Soviet-Yugoslav conflict of 1948–49 or the Sino-Soviet split of the 1960s. Indeed, Moscow may yet restore a greater measure of unity in Eastern Europe by masterminding the replacement of its orthodox opponents, or by slowing down its reformist supporters, or both. But now there is an unprecedented standoff between the East European "Gang of Four" on the one hand and Hungary and Poland (and the Soviet Union) on the other. It is truly a standoff, because so long as the East European guardians of orthodoxy can convincingly argue that reforms would undermine their countries' fragile stability, there is little Gorbachev can do—or would want to

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do—to impose his policies and preferences on his fearful and hence defiant hard-line allies.

The Soviet bloc in 1989, then, is but a shadow of its former self. It is a military alliance whose members maintain extensive, but not always beneficial, economic ties. Their ideological orientations, and certain of their political interests, diverge. Romania, East Germany, Czechoslovakia and Bulgaria defy Moscow and continue to seek only to "perfect" their harsh rule. Supporting and supported by Moscow, Hungary declares its interest in the adoption of a multiparty system and Poland may yet come to terms with labor-union pluralism.

What are the implications of these contradictory, tentative, still reversible, but in some cases very promising trends? Does Gorbachev have a new policy toward Eastern Europe? As the East European regimes gain more autonomy, what will they do with it? Using its limited influence, could the United States help steer the region gradually, over unknown terrain, toward a more pluralist and autonomous future? Indeed, given the approaching reduction of Soviet forces in Eastern Europe, is there a new opportunity to redefine the role of this troubled and unstable region in East-West relations?

II

In examining Soviet intentions, it is useful to begin with the obvious: Gorbachev is a reformer, not a revolutionary. Whatever his ultimate impact may be, he does not seek to liquidate the Soviet hold on Eastern Europe; it is, after all, the most significant and the most tangible achievement of Soviet foreign policy. Gorbachev may bend—he *is* bending—but he will not break. The evolution of Eastern Europe from a Soviet sphere of domination to a sphere of influence may yet take place — fitfully, the process of decompression and even retrenchment has begun—but not because Moscow is ceding its "front yard." The Soviet role is becoming less domineering and more paternalistic, because to continue the old policy of heavy-handed Soviet rule would have deleterious consequences for Gorbachev's domestic and foreign policy priorities.

Still, a cloud of uncertainty hangs over Soviet intentions. On the one hand, Gorbachev still approves of past Soviet interventions and he still speaks of protecting the region's "common interests." On the other hand, East European officials trying to interpret Soviet policy no longer take it for granted that, in a crisis, they should either expect or count on Moscow's "fra-

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ternal assistance" (the euphemism for military intervention). They believe that there are conclusive signs of a growing Soviet reluctance to offer such "assistance": Gorbachev's promise to withdraw from Afghanistan and reduce Soviet commitments elsewhere in the Third World, his patience toward centrifugal tendencies in the Soviet Union itself, the stress he places on the autonomy of the East European communist parties, his plan to begin thinning out Soviet forces in the region, and his subordinates' repeated assurance that the Brezhnev Doctrine of restricted East European sovereignty is "dead." Indeed, in a secret report written at the end of 1987 and leaked to Western newsmen in 1988, Mieczysław Rakowski—Poland's premier since September 1988—strongly urged his colleagues not to assume that the Soviet Union would rescue the Polish regime if it were to lose control.

In 1988 Moscow began to revise the postwar history of Eastern Europe, including its own role in that history. At an unprecedented U.S.-Soviet conference on Eastern Europe, leading Soviet specialists made a number of striking statements about the region's past. They conceded that the postwar East European "model of socialism [was] established . . . under the influence of the Soviet Union" and that it "has not withstood the test of time"; that it was "the stagnation of the Soviet system and . . . Soviet policy in the 1960s and 1970s" that contributed to the region's past and present ills; and that "after 1964, when the leadership of Leonid Brezhnev and Mikhail Suslov came to power . . . the era of stagnant neo-Stalinism began." At that time, "even reversion to the past, to Stalinist practices, became noticeable."

Reviewing the whole post-Stalin period, the Soviet specialists blamed not only the East European regimes' "major mistakes," but also "the hegemonic aspirations of the Soviet leadership" for "the deep political crises" in Hungary in 1956, in Czechoslovakia in 1968, and in Poland in 1956, 1970 and 1980–81.[1] And Academician Oleg Bogomolov, the ranking Soviet expert on Eastern Europe, who led the Soviet delegation to the conference, stated that "the 'Brezhnev Doctrine' is completely unacceptable and unthinkable. . . . We gave too much advice

[1] The Soviet paper containing these quotes was a collective effort by the Institute of Economics of the World Socialist System of the Soviet Academy of Science. It appeared subsequently under the title "The Soviet Perspective" in *Problems of Communism*, May-August 1988, pp. 60–67.

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before to our partners, and it was actually very damaging to them. It's time to keep our advice to ourselves."

By no means did such refreshing self-criticism characterize all Soviet statements about Eastern Europe in 1988. Gorbachev himself, when asked by *The Washington Post* in May about Soviet interventions in Hungary and Czechoslovakia, still blamed the West: "When you speak about interference, I understand what you have in mind. But when I recall those situations, I had something else in mind. I have in mind that before what you are talking about happened, another kind of interference had occurred." Hence, according to Gorbachev, the Soviet Union intervened because interference by the West had forced Moscow's hand. In other words, the Soviet Union intervened in order to protect the cause of socialism from the West—not from the likes of the Hungarian "revisionist" Imre Nagy, or Alexander Dubček of Czechoslovakia's Prague Spring, arguably Gorbachev's ideological precursors. In a wide-ranging interview with *The New York Times* in October, the Politburo member now in charge of Eastern Europe, Aleksandr Yakovlev, echoed Gorbachev's "old thinking" on this subject. Thus the Soviet leadership has not dissociated itself from past Soviet interventions in the region.

When speaking of the present and future, however, Gorbachev has repeatedly stressed the "absolute independence" of "all fraternal countries." He wrote in 1987 that "the independence of each [Communist] Party, its sovereign right to decide the issues facing its country and its responsibility to its nation are unquestionable principles."[2] On another occasion Gorbachev asserted that "no one has the right to claim special status in the socialist world." In a major address to communist leaders from around the world, he added: "We have become convinced of there being no 'model' of socialism to be emulated by everyone." During his visit to Yugoslavia in March 1988, he and his hosts affirmed the principle of "mutual respect for the independence, sovereignty and territorial integrity, equality and noninterference in the domestic affairs of each other under any pretext." It is not clear, however, whether these principles applied only to Yugoslavia, or to the Warsaw Pact countries of Eastern Europe as well.

The words emanating from Moscow thus imply a modified,

[2] *Perestroika: New Thinking for Our Country and the World*, New York: Harper and Row, 1987, p. 165.

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less heavy-handed Soviet approach to Eastern Europe—but no decisive break with the past. They point to a gradual evolution in Soviet thinking. On the one hand, Gorbachev's refusal to renounce the Brezhnev Doctrine is a sign of continuity in Soviet foreign policy. On the other hand, his stress on the general concept of noninterference, his modesty about the universal applicability of the Soviet experience, and especially his emphasis on the autonomy of the region's communist parties are rather hopeful signs of the fading of Moscow's imperial mentality.

III

As Gorbachev's observations and opinions sway between "old thinking" and "new thinking," his policies also reflect the ambiguity inherent in Moscow's current position in Eastern Europe.

For example, several recent decisions concerning personnel changes in the East European regimes were apparently permitted to be made mainly on the scene, and only partly in Moscow. While the removal in December 1987 of the old Brezhnevite party chief of Czechoslovakia, Gustáv Husák, was in line with Soviet expectations and suggestions, his replacement by a younger and more vigorous Brezhnevite, Miloš Jakeš, was a decision made in Prague. So was the ouster in the fall of 1988 of Premier Lubomir Strougal, which excluded from the Czechoslovak leadership a presumed supporter of Moscow's reformist course. In Hungary, too, the replacement of János Kádár by Károly Grósz in May 1988 was congruent with Soviet signals, but the wholesale expulsion of eight of the old Politburo's thirteen members was accomplished at a party conference in what amounted to a local conspiracy against Kádár's associates. Produced by secret ballot, the eventual outcome took everyone, including the Soviet Union, by surprise.

On some issues, Gorbachev's approach appears to differ markedly from that of his predecessors. Since mid-1985, the Soviet press has generally refrained from criticizing the leaders of Eastern Europe, their decisions or their regimes. In one confusing exception, several Soviet newspapers expressed different views of the Polish government's handling of labor disputes in the fall of 1988. Without referring to the outlawed labor union Solidarity, *Sovietskaya Rossiya* affirmed the right of unions to defend their members' interests, *Izvestia* attacked Solidarity, while *Pravda* seemed to endorse the "new situation"

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in Poland. In still another signal to the Polish regime, Nikolai Shishlin, a ranking official in the Soviet Central Committee apparatus, told *Le Monde* that there was nothing in the "theology" of Marxism-Leninism that forbade labor union pluralism. Yet, to repeat, even such contradictory commentary on Eastern Europe is rare; the new norm for the Soviet press is to refrain from giving "fraternal advice."

How Soviet leaders treat their East European colleagues behind the scenes is, of course, largely a matter of rumor and speculation. While Soviet officials claim that "a good example is the best sermon," East European officials say that although their Soviet counterparts show considerable flexibility both at bilateral and multilateral meetings, they are still tough and demanding, especially on economic issues. Nevertheless, during the course of a private conversation in his office last October, Károly Grósz told me that it was no longer either necessary or customary to ask for Moscow's "permission" before undertaking a new initiative. He said that recently, before making a particularly difficult decision, the substance of which he did not mention, he had called Gorbachev and asked for his "opinion." The answer was that Grósz should be "guided by his conscience."

The episode, which struck me as authentic, confirms the impression of Western observers that under Gorbachev most East European policies do not require prior Soviet approval. The East European leaders have obtained considerable elbow room, even if their growing autonomy is still circumscribed by their perception of geopolitical realities, by the extent of their countries' economic dependence on the Soviet Union and by their knowledge that the political survival of the region's one-party systems ultimately still depends on Moscow.

What, then, can be made of Gorbachev's more paternalistic approach to Eastern Europe? Clearly, Soviet hegemony is not giving way to full respect for the principles of sovereignty and noninterference. There are circumstances that would prompt Moscow to resort to the use of force on behalf of its geopolitical—if not ideological—interests, claiming that the Warsaw Pact's common interests were threatened. Indeed, the important question is not whether the Brezhnev Doctrine is alive or dead. Even if it were declared null and void, East Europeans would remain uncertain and skeptical. The more realistic questions are these: To what extent has the threshold of Soviet

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tolerance changed? How far can an East European country go without inviting Soviet military intervention?

One answer is that as long as a given East European country remains in the Warsaw Pact and accepts socialism, there will be no intervention. Thus, were history to repeat itself, Gorbachev might again decide to crush Nagy's Hungary but might not invade Dubček's Czechoslovakia. A second answer is that the Soviet threshold of tolerance is higher for the region's small and strategically insignificant countries (Bulgaria, Romania, and Hungary) than it is for East Germany, Poland and Czechoslovakia. The third—and safest—answer is that only if and when an upheaval occurs will Gorbachev himself know and decide what to do, and therefore the outside world cannot know in advance either.

Absent upheavals, there are two important differences between the domineering Soviet policies of the past and Gorbachev's more paternalistic approach. First, in the past Moscow did not hesitate to tell the East European leaders both what they should and should not do, issuing imperatives as well as prohibitions. Today, Moscow is satisfied with indicating only what they should not do, issuing (probably unspecified but well-understood) prohibitions. Within the confines of such prohibitions—against leaving the Warsaw Pact and renouncing socialism—the East European regimes have gained sufficient autonomy to decide on their own what sort of economic and even political arrangements would suit their circumstances.

Second, Moscow's major preoccupation, even more than in the past, is the region's stability, meaning peace and quiet at almost any price. A spontaneous, popular upheaval similar to that which engulfed Poland at the beginning of this decade is today's Soviet nightmare. Although Soviet officials claim that a repetition of the events of 1956, 1968 or 1980–81 could not deter them from their program of domestic reform, they certainly know that large-scale East European disturbances would weaken and perhaps defeat perestroika and glasnost. This is why Gorbachev, fearful of disorder, has shied away from trying to dislodge the orthodox leaders of still-quiescent Romania, Bulgaria, Czechoslovakia and East Germany. The more idealistic goal of yesteryear—creating a cohesive and viable "socialist commonwealth"—has been shelved for the time being.

Yet even the limited and relatively modest goal of stability remains beyond Moscow's reach. Evaluations of the region's

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economic condition range from serious to catastrophic. Hungarian and Polish reformers are uncertain of and divided over what to do next, while the antireformist contingent skirts trouble in the longer run by adhering to the repressive policies of the past. Meanwhile, the present mix of Soviet toleration of rigid East European regimes and Gorbachev's concurrent calls for dynamic change at home is—unwittingly—fueling the fire of rapidly growing East European popular demands. The irony, as Zbigniew Brzezinski has observed, is that "if the viewpoint that a Soviet military intervention is in fact unlikely becomes more widespread [in Eastern Europe], this perception might make a revolutionary upheaval more probable."[3]

Hence the underlying problem is that while Moscow seeks peace and quiet in Eastern Europe, the East European peoples feel encouraged by Gorbachev's domestic policies and rhetoric to seek change. In fact, so basic is the change they propose in some countries that, according to a rudimentary but telling survey of public opinion, most East Europeans see even Gorbachev as being "good" for the Soviet Union but not good enough for Eastern Europe.[4]

IV

The most important change in Eastern Europe is the increasingly autonomous behavior of the region's communist parties. Given the current crop of leaders in power, however, this is proving to be a mixed blessing. Defying Gorbachev, most regimes use their newly granted autonomy to stand still. Only a few are making use of the opportunity to move forward. Consider East Germany and Hungary.

In East Germany, 1988 began with the confiscation by the post office of four issues of the Soviet weekly *New Times*. (Germans being Germans, subscribers received refunds for the undelivered copies.) In the summer, the Soviet film *Repentance* was shown on television in West Germany—and attacked in the East German press as anti-Soviet propaganda! In October, Kurt Hager, East Germany's leading ideologist, asserted that the "forms and methods" of perestroika "are not transferable to other socialist countries." In November, further distribution of the Soviet monthly press digest *Sputnik* was abruptly banned.

[3] Zbigniew Brzezinski, "Special Address," *Problems of Communism*, May-August 1988, pp. 69–70.

[4] *East European Perceptions of Gorbachev and the Soviet Reforms*, Munich: Radio Free Europe Audience and Opinion Research Department, July 1988.

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While East Germany shows its fear of glasnost, Hungary is racing ahead of Gorbachev. Independent associations, some of which are incipient political parties in everything but name, have publicly announced their intention to compete for legislative seats in the 1990 parliamentary elections. The largest among them, the Democratic Forum, already has 380 branches throughout the country. Last November the Hungarian government approved new laws that were officially interpreted to have recognized "the possibility of a multiparty system." The authorities apparently intend to allow several political parties to function, although they have not addressed the key question: What if these parties win a parliamentary majority that would entitle them to control the government? While Professor Kálmán Kulcsár, the new minister of justice, calls the new laws a "breakthrough," party chief Grósz is—perhaps purposefully—equivocal. He affirms the legal right of several parties to exist, but he finds the political consequences of a multiparty system undesirable. One day Grósz says that he could "live" with a multiparty system and on another he calls such notions "premature." Hence skepticism is very much in order. But, as the country's leaders time and again speak of the current "crisis" and even the possibility of an "explosion," might they yet try to square the political circle? For example, it now seems merely unlikely—and no longer inconceivable—that they would try to alter Hungarian political institutions in such a way as to assure the party's leading role in defense, internal security and foreign affairs while letting a popularly elected political order deal with economic and social issues.

As the Hungarian regime takes advantage of Moscow's "green light," East German leaders have different assessments of what they must do to stay in power and maintain stability.

The regime in East Berlin correctly assumes that it can still rely mainly on the economic carrot (and some repression, of course) to keep its people quiet and the country orderly. The East German economy enjoys three unique advantages. One is that Germans, under whatever system they live, tend to be hard-working and productive. The second is that East Germany receives an extraordinary annual subsidy of between DM 4.5 billion and DM 5 billion from West Germany. The third advantage is that because of its special relationship with Bonn, East Germany has become a de facto member of the Common Market. Given these unique circumstances, and despite declining growth rates and growing shortages in recent years, the

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East German economy may yet recover from its current slump, and living standards may improve. If so, the regime of Erich Honecker can expect to muddle through and stay afloat, even if it also must be ready to resort to repression and to contain erosive Soviet influences in order to achieve that modest goal.

By sharp contrast, Hungary can no longer afford to rely on "goulash communism" as a means of alleviating political tension. On a per capita basis, Hungary is the most heavily indebted country in Eastern Europe. Because it has pursued a reformist course for two decades, its economy is now experiencing problems stemming from both the plan and the market:

—Decontrolling the price of agricultural goods has brought more food to the cities, but it has also sparked an inflationary spiral.

—Letting the private sector grow has improved the supply of goods and services, but the new entrepreneurs' high incomes have set the poor against the rich and exacerbated social discord.

—Forcing a few unprofitable firms to go out of business has made for savings and efficiency, but bankruptcies have produced some unemployment.

—Economic decentralization has improved performance, but it has sparked immense pressures for political decentralization and indeed political pluralism.

Accordingly, what the people criticize and indeed reject in Hungary is an economic system that has already been reformed. Witness—as printed in the provincial party daily *Dunántúli Napló*—the following hostile questions that a group of miners posed to the authorities (after two decades of reform): "Why aren't those incompetent leaders brought to account who squandered away [Hungary's Western debt of] $15 billion? How come the socialist countries are getting poorer while nonaligned Austria and Finland have been getting richer?" Not incidentally, the miners also asked this question (which also was published): "Last but not least, if the party and the government are so sure that they enjoy the confidence of the people, why don't we have free elections under international supervision?"

V

With such questions on the public agenda in Hungary (and in Poland) and surely on the private agenda in East Germany and elsewhere, all East European regimes are on the defensive. What are they to do? What can they do?

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First, the basic point of departure for reformist and orthodox regimes alike is that from now on they must fend for themselves. The Soviet Union may be largely or exclusively responsible for their present predicament, but it will not take responsibility either for saving them economically or protecting them from domestic upheavals. Rightly or wrongly, all official calculations now proceed from these assumptions.

Second, the regimes' preferred road to peace and quiet is still some version of "goulash communism": food, consumer goods, housing, price stability and full employment. Alas, with the exception of East Germany and possibly Czechoslovakia, this road is now closed for extensive and perhaps permanent repairs.

Third, the unconventional approach to dealing with popular discontent would be political accommodation. This is what Poland and Hungary are trying to do. Their human rights record has markedly improved. Their new "laws of association" are promising. Their press is diverse. Their citizens can travel to the West. Yet pluralism of the Western kind—one that would include several independent parties competing for power and the company unions coexisting with independent unions—remains ideologically unacceptable and untested, and thus unlikely.

Fourth, the conventional approach to ensuring a semblance of stability is, of course, force employed by the local security forces and the military. This is a tested option, and is still the most likely choice. Yet, especially if it is to be used on a large scale, force is no magic wand. It may settle the issue of power, but it does not solve the issue of stability. Moreover, as the coercive Romanian government's recent problems with its restive citizenry show, repression can no longer include massive terror; in the Europe of the Gorbachev era, the idea of a "Khmer Rouge" approach to disorder is passé. Finally, as the Polish experience in 1980–81 implied, the availability, reliability and effectiveness of the military and perhaps even the local security forces cannot be assured in the absence of a Soviet guarantee to back them up.

Hence the strange reason why this region is becoming more unstable now is that the East European regimes are in effect deprived of the tools of both governing and ruling. They lack sufficient resources—carrots that are sweet enough and sticks that are stout enough—to either reward or repress their people. With only half-measures available to them, all they can do

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is to drift dangerously between the forbidding past and the forbidden future.

VI

Mikhail Gorbachev's plan, announced at the United Nations last December, to withdraw 50,000 of Moscow's 565,000 troops from East Germany, Czechoslovakia and Hungary, rekindles an old debate: Why has Moscow maintained such a large garrison in Eastern Europe? The West has based its policies and military deployments on the assumption of Moscow's offensive intent; the Soviet Union has pleaded defensive needs. Such ready and familiar answers aside, many Western specialists on Eastern Europe, notably Christopher Jones, have long argued that the primary purpose of the Soviet army in the region has been to maintain Moscow's "ultimate control" over Eastern Europe.[5] In this view, the more specific, additional objective has been the prevention of German reunification.

The thinning out of Soviet forces will in no way lessen Moscow's ultimate control over the region—that is, the Soviet Union's ability to protect its vital interests from forces or regimes hostile to it. Whether Moscow has 565,000 or 515,000 troops deployed in Eastern Europe has no effect at all on that capability. At the same time, however, the psychological and political impact of the Soviet decision could be considerable and possibly dramatic—especially because it was made unilaterally, without comparable Western concessions. The expected psychological impact on the peoples of Eastern Europe will be to encourage them to believe that Moscow might not stifle their aspirations to be free and independent. The expected political impact on the East European regimes will be to increase their sense of vulnerability—their anxiety about being left on their own. Therefore, Gorbachev's plan will make it more difficult for the region's regimes, reformist and orthodox alike, to maintain peace and quiet.

Whether Moscow's announcement will prove to have a greater impact on the East European peoples or on their regimes depends on the type of crisis Eastern Europe will experience in the years ahead. Broadly speaking, two major

[5] *Soviet Influence in Eastern Europe: Political Autonomy and the Warsaw Pact*, New York: Praeger, 1980.

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crisis scenarios have been identified and articulated.[6] One foresees the likelihood of revolutionary upheavals demanding the capitulation of East European regimes; the other foresees the likelihood of radical reformist movements urging the regimes to make major concessions.

According to the first scenario, Eastern Europe will experience a spontaneous, popular and violent upheaval of the 1956 Hungarian type, with the possibility that once it occurs in one country it could spread to others as well. Whether such revolts would uphold socialist principles or not, they would aim at eliminating one-party rule and creating an independent, pluralist and possibly neutralist political and economic order in Eastern Europe.

The planned reduction of Soviet troops in the region would not cause but could greatly encourage such a fundamental challenge to the Soviet position in Eastern Europe. This is so because some East Europeans might interpret Moscow's decision as another sign of Soviet retrenchment, and thus they would come to believe—or would want to believe—that Gorbachev would not intervene. After all, is he not withdrawing from Afghanistan? Has he not shown reluctance to dispatch his troops to Estonia? Is he not even taking some forces out of Eastern Europe too? What matters most according to this scenario, then, is the psychological impact on the East European peoples of recent Soviet decisions and declarations.

The second scenario foresees popular pressures against conservative regimes rather than revolts against the communist system, something along the lines of the Prague Spring of 1968. Such movements may be initiated under the aegis of the party, pressing for radical reforms, although their momentum could eventually carry them far beyond what Gorbachev would approve—toward demands for national sovereignty rather than party autonomy, democracy rather than "democratization." Yet, because this would still be a somewhat limited challenge, aimed at in-system change, what matters most according to this scenario is the political impact of recent Soviet

[6] See Brzezinski, *op. cit.*, and Timothy Garton Ash's three-part series on central Europe in *The New York Review of Books*, "Empire in Decay," Sept. 29, 1988, pp. 53–60; "The Opposition," Oct. 13, 1988, pp. 3–6; and "Reform or Revolution," Oct. 29, 1988, pp. 47–56. For a slightly different formulation of the two scenarios, see also Robert L. Hutchings, "Soviet Dilemmas in Eastern Europe: Stalin to Gorbachev," a paper presented at the annual convention of the American Association for the Advancement of Slavic Studies, in Honolulu, Nov. 20, 1988. Of course, there is also a third, "non-crisis" scenario which foresees continued and steady decline in Eastern Europe without violent upheavals or major disruptions.

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decisions and declarations on East European regimes. Won't they interpret the planned withdrawal of Soviet troops and other recent Soviet signals to mean that they should make concessions and accept a political solution rather than attempt a local crackdown Moscow might not support? Won't they try to save whatever they can of the "cause of socialism," even if it is only a veneer?

To sum up: while Gorbachev's decision to withdraw some Soviet forces has no bearing on Moscow's military capacity to handle East European crises of any type, it is going to heighten the East European regimes' already existing doubts about Soviet intent. If, under the circumstances, the East European peoples give these regimes a chance to make concessions rather than press them to capitulate, the regimes will make concessions and they will do so with Moscow's blessing. If, on the other hand, the East European peoples are so emboldened by recent Soviet policies as to demand capitulation rather than concessions, neither the Soviet Union nor the Eastern European regimes can be expected to oblige. True, the planned force reductions at home and in Eastern Europe confirm that the Soviet Union has entered a period of external retrenchment. And it is also true that the political ice under the East European regimes is getting thinner. But the Soviet Union will not simply go home, and its allies will not sink, without a fight.

VII

In conceptual terms, the United States has a prudent policy in place to deal with Eastern Europe. Called, awkwardly, "differentiation" and practiced since the early 1960s, it consists of three propositions. First, although the United States does not "accept" the permanent division of Europe, it will not attempt to change the European status quo by force. Specifically, Washington will not incite or encourage the East European peoples to seek such confrontations with the Soviet Union as the United States could not assist without risking war. Second, relying on peaceful means, the United States will nonetheless encourage evolutionary tendencies, supporting those regimes and unofficial movements that favor human rights, political pluralism and market-oriented economies. And third, the United States will also encourage, by peaceful means, East European departures from militant Soviet policies abroad—a proposition, it should be stressed, that was last formulated in 1982 and has lost some of its relevance since.

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Though the guidelines are admirably clear, differentiation has encountered both ideological and practical difficulties.

The ideological problem is that differentiation is so cerebral as to be emotionally unsatisfying and so subtle that it lacks broad political appeal. True, American liberals and conservatives alike can and do support its provisions about human rights. Beyond that common ground, however, unstated agendas have tended to impede effective implementation. It seems that some liberals in the United States would prefer less activism, because they see Eastern Europe as an obstacle to improved U.S.-Soviet relations; according to this view, the importance of Eastern Europe to the United States has been blown out of proportion by intransigent cold warriors. Some conservatives would prefer more activism against all of the regimes—penalties, no rewards—because they see communism as such as the obstacle to improved U.S.-Soviet relations. Caught in the political cross fire, a realistic and prudent American policy that seeks marginal and gradual change in Eastern Europe without either appeasing or unduly provoking the Soviet Union is thus deprived of a strong domestic political base.

The practical problem is the lack of sufficient resources that could be used to reward those reformist regimes that deserve it. Due primarily to Deputy Secretary of State John C. Whitehead's interest in the region, high-level contacts have markedly increased during the Reagan Administration's second term. Scholarly exchanges are steadily expanding under agreements negotiated by the International Research and Exchanges Board (IREX), a private organization that receives some government funds. The United States Information Agency has been more active during the last year or two than ever before. Solidarity receives rather generous support from the National Endowment for Democracy. Some foundations, notably the Ford Foundation and the Rockefeller Brothers Fund, have taken an interest in Eastern Europe, especially in Poland. Yet when all is said and done it is the instrument of economic policy that could make the biggest difference, by assisting reform-minded East European regimes to overcome difficulties during the transition to market-oriented economies.

Funds for such objectives are seldom available. The reason is obvious. If Congress or the State Department is faced with a choice between granting some type of economic assistance to El Salvador or to Hungary, the decision will favor El Salvador. Aiding communist reformism in the few cases when it seems

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warranted offers little prospect of political rewards or emotionally satisfying achievements, and it does not have a constituency in Washington.

In President George Bush, his national security adviser, Brent Scowcroft, and Deputy Secretary of State Lawrence Eagleburger, the new administration has more high-level expertise on Eastern Europe than any of its predecessors. But there is no reason to believe that they will divide the foreign-aid pie differently by offering a somewhat larger slice to East European reformers. Only if an East European regime presents dramatic and indeed eye-catching evidence of substantial political change, such as the introduction of a genuine multiparty system in Hungary or unconditional acceptance of labor-union pluralism in Poland, is it realistic to anticipate that Washington will reorder its priorities and play a more active economic role in shaping the region's future. In the meantime, West European countries (notably West Germany) as well as Japan have increased their loan exposure in Eastern Europe, but their political agenda is either different from America's or nonexistent.

The unspectacular conclusion is that differentiation is a conceptually sound policy and that it has not outlived its usefulness. Although there are great limitations on American economic involvement in the region, and some change in that respect would be desirable, what the United States does and what it is have made and will continue to make a difference. Given America's current economic stringencies, however, it is only prudent to devote available resources to modest political goals. For that reason, the United States should continue to differentiate in favor of the region's reformist contingent and maintain no more than a watchful if open-minded presence elsewhere.

VIII

As the policy of differentiation has successfully encouraged gradual changes, it is in need of only "more of the same." However, the expected East European crises of the 1990s call for a bolder supplement: direct talks with Moscow about the region's future. The purpose of initiating such a dialogue would be not to settle but to probe; bilateral contact might also pave the way for subsequent multilateral discussions.

Absent such preventive diplomacy, both the United States and the Soviet Union have much to lose. Eastern Europe is

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where World War I, World War II and the cold war began. The postwar era has witnessed military conflict on the continent only among members of the Warsaw Pact, not between the Warsaw Pact and NATO. And today, too, Eastern Europe is the "sick man of Europe." No one should doubt the recurrence of upheavals in the 1990s, nor the destructive impact of Soviet interventions or large-scale local crackdowns on the delicate fabric of East-West relations. Indeed, the impact on the West is likely to be greater than in the past, because an East European upheaval followed by the use of force will no longer only disappoint or anger but also shatter Western confidence in Moscow's "new thinking." Because of high expectations of Gorbachev in the West, the damage could be significant and lasting.

In Moscow, meanwhile, his colleagues will blame Gorbachev and his policies for East European disturbances. His political future will be on the line—whether he feels compelled to intervene or, especially, if he does not. This is probably why last summer Soviet experts discussed, for the first time, the future of Eastern Europe with American specialists—a discussion that is scheduled to continue in Moscow this autumn. The very fact that the meeting, organized by IREX and the Soviet Academy of Sciences, was held should be seen as a promising sign. As to the substance under discussion, it was evident that, obvious differences of interpretation and opinion notwithstanding, the Soviet specialists were deeply concerned about potential crises in Eastern Europe, wondering how the United States interpreted its interests in the region's future. "Old thinking" about Eastern Europe—"what's mine is mine, what's yours is negotiable"—was all but absent.

What is needed next is quiet diplomacy conducted by professionals to discover if there is anything that the two superpowers can usefully discuss. If there is, Eastern Europe should become one of the regional issues treated at regular intervals between diplomats of the two countries. If such talks were promising, Eastern Europe should be on the agenda for the next superpower summit as well.

Whether, and when, the Soviet Union will find it opportune to hold such discussions remains to be seen. It would be unusual for Moscow, or for that matter any other capital, even to discuss seriously any problems before a crisis actually erupted; such preventive diplomacy is a rare commodity in international relations. Political issues of this sort are also extremely complex

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and troublesome, and Moscow may well be suspicious of American intentions and mindful of its allies' apprehensions as well. Given the resistance to Gorbachev by Eastern Europe's "Gang of Four," it cannot be taken for granted that they would necessarily implement whatever understandings the Soviet Union and the United States might reach.

The problem on the American side is that it may prove to be difficult to overcome the prevailing sense of unconcern and fatalism about Eastern Europe in this country. Some American liberals might contend that any proposed linkage between U.S. economic involvement and Soviet political concessions would only push Gorbachev against the wall. Why complicate his agenda? Some American conservatives might contend that aiding East European regimes amounts to abetting the enemy—they made their bed, let them lie in it. Besides, why uproot the European status quo that has proved its durability for so long?

Yet, for the first time in four decades, the interests of the two superpowers concerning the region's future may have begun to converge in Eastern Europe—and to reflect the aspirations of the people of Eastern Europe as well. Broadly speaking, the American interest is evolutionary change under at least relatively stable conditions. No U.S. interest would be served by violent East European upheavals that might prompt Soviet military intervention and very possibly mark the end of the reform process in both Eastern Europe and the Soviet Union. Nor, of course, does the United States have any possible interest in the expansion of the Western alliance system into Eastern Europe.

The overriding Soviet interest today is stability, which is not at hand. It could be had if Moscow were to apply "new thinking" both to the concept of Soviet security in the age of perestroika and to the role of Eastern Europe in East-West relations. In that light, the Soviet interest calls for an internationally guaranteed zone of peace in Eastern Europe, an area that would consist of a group of truly friendly states mindful of legitimate Soviet interests. Whether in the end they would be like neutral Austria or Finland, or find an independent and pluralist existence within the Warsaw Pact framework, is almost beside the point for the time being. What would count is a recognition on the part of the Soviet Union of the paradox of its East European empire: that the region Stalin acquired after

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World War II in order to enhance Soviet security has since become—in its present form—a major source of insecurity.

Once that recognition obtains, there is much to be discussed and even more to be done by both sides.[7] In very general terms, however, the results are predictable. By aggressively promoting Western investments and joint projects, and by facilitating the region's integration into the world economy, the United States would help fashion a market-oriented economic environment in Eastern Europe—and thus contribute to the region's viability and stability at a time of radical change. By aggressively promoting political changes that reflect popular expectations, the Soviet Union would concurrently help fashion a pluralist political order in Eastern Europe—and thus contribute to the region's long-term viability and stability. An understanding along these lines would eliminate the most important legacy of the cold war, give content to Gorbachev's concept of a "common European home," make possible the devolution of the Soviet empire under peaceful and stable conditions, and afford Eastern Europe an opportunity to get on its feet and stand on its own.

[7] For a particularly imaginative discussion of what the United States could and should do in Eastern Europe within the framework of differentiation, see Mark Palmer, "Western Policy—An Agenda for Action," in William E. Griffith, ed., *Central and Eastern Europe and the West*, Boulder (Colo.): Westview Press, 1989 (forthcoming).

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Donald S. Zagoria

SOVIET POLICY IN EAST ASIA: A NEW BEGINNING?

Under Mikhail Gorbachev the Soviet Union has greatly increased its efforts to improve relations with the countries of East Asia, particularly China, but also Japan and South Korea, and with Southeast Asia, Australia and New Zealand. There has been a new diplomatic flexibility, frequent visits, a drive for better trade links, an effort to join regional economic organizations such as the Asian Development Bank and the Pacific Economic Cooperation Council (PECC), a variety of arms control proposals and a determined effort to change the poor image of the Soviet Union in the region.

In a number of speeches, especially those in Vladivostok in July 1986 and Krasnoyarsk in September 1988, Gorbachev has said he wants to lower the level of military activity in the Pacific, to help resolve regional tensions, to improve Moscow's bilateral relations with all the countries in the region, to advance multilateral cooperation, particularly economic cooperation, and generally to create a "healthier" situation.

There is no euphoria about Gorbachev in Asia, as there may be elsewhere, but his initiatives have had an impact, particularly on China and South Korea. A summit meeting between Gorbachev and Deng Xiaoping will take place early in 1989, the first such meeting between two top Soviet and Chinese leaders in 30 years. An informal dialogue between Moscow and Seoul has begun and both sides are anxious to expand economic and even political relations. Moreover, it seems likely that Moscow and Tokyo will also reach some sort of modus vivendi in the near future, despite their territorial dispute. And if Vietnamese troops withdraw from Cambodia, as Moscow is now pressing Hanoi to do, a major constraint on Soviet relations with the member countries of the Association of Southeast Asian Nations (ASEAN) will be removed.

In sum, the Soviet Union may well succeed in normalizing

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relations with East Asia during the next few years. The Soviet Union, however, has not become a status quo power. Moscow now seeks to revive atrophied diplomatic instruments unused by former and longtime Foreign Minister Andrei Gromyko in order to increase, not to reduce, Soviet influence abroad. Thus, this new Soviet moderation offers both challenge and opportunity for the United States. The challenge arises from the fact that the moderation may actually result in a less aggressive strategy but a more active and effective Soviet diplomacy. The opportunity is to take advantage of the new Soviet moderation in an effort to reduce the U.S. security burden and to ease global and regional tensions.

II

Even if Moscow improves its relations with the Asia-Pacific countries, it will remain at a considerable disadvantage in the region. The United States, despite all the talk about decline, continues to be the predominant power in the Pacific. It has presided in recent decades over a vigorous expansion of trade, investment and growth among the East Asian countries. The United States has a highly effective ally in Japan, which seeks to support, and not to challenge, U.S. leadership. The two countries have a compelling stake in maintaining and strengthening the web of security and economic ties that sustain an open world economy and the defense of Western interests. The United States also has a number of other allies and friends in the Pacific, several of them bound by treaty commitments, and all of them sharing an interest in maintaining a robust American presence in Asia in order to balance other "close-in" powers which they fear most. By contrast, the Soviet Union has only military power in East Asia; its economic relations are minimal, and its few allies in the region are poor, politically isolated and without much influence.

The Soviet Union is also at a disadvantage because it is still regarded with suspicion virtually everywhere in the region. Despite the latest Soviet force reductions, China remains encircled by Soviet military power. Japan insists on a settlement of its territorial dispute with the Soviet Union before substantial progress toward easing tensions can be achieved. Most Southeast Asian countries are reluctant to allow a large Soviet presence because of fears that the Soviets may aid local insurgents. Moreover, the failure of Stalinist economics, which has become increasingly evident all over the communist world, has made

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the Soviet Union virtually irrelevant as an ideological model in a region consisting of the fastest-growing market economies in the world. The extreme underdevelopment of Siberia and the Soviet Far East, a vast region with a tiny population and a weak infrastructure, will handicap any Soviet effort to develop more active economic relations with East Asia's market economies.

There is also a basic dilemma in Moscow's new effort to woo East Asia through flexible diplomacy. In the past, the Soviet Union's principal method of expanding its influence was through military power and aggressive behavior. If Moscow now seeks influence through diplomacy and trade, its leverage will be limited because it has little to offer. If, on the other hand, it resorts once again to employing its military power—as it did in the 1970s when it deployed SS-20 missiles, invaded Afghanistan and supported Vietnam's invasion of Cambodia—it will again mobilize a coalition of powers against it.

Despite these difficulties, Gorbachev's diplomacy has already scored some successes. The Soviet leader has laid the groundwork for a summit meeting with Deng Xiaoping by showing more flexibility than any of his predecessors. He accepted the Chinese position in the dispute over the Amur River border and he has systematically addressed all three of China's declared "obstacles" to normalization of Sino-Soviet relations: Soviet troops on the Chinese border, the Soviet occupation of Afghanistan and the Soviet support of Vietnam's occupation of Cambodia. Some Soviet troops have already been withdrawn from Mongolia and, in his recent U.N. speech, Gorbachev promised to pull out a "considerable" number of those remaining; Soviet military exercises and forces elsewhere on the Chinese border have been reduced; the Soviet army has begun a withdrawal from Afghanistan; and Moscow is now negotiating directly with China on Cambodia, while urging the Vietnamese to withdraw. The only substantial obstacle remaining is Vietnam's continuing occupation of Cambodia. But even this could be overcome in the near future. The shape of a political settlement in Cambodia is likely to be one of the chief topics for discussion at the upcoming Deng-Gorbachev summit.

There has also been an acceleration of Sino-Soviet trade. The Soviet Union is now China's fifth-largest trading partner, and border trade is expanding with particular rapidity. Total trade grew from $363 million in 1982 to $2.6 billion in 1986, a sevenfold increase. According to one Soviet specialist on China, there are plans for five or six hydroelectric plants along

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the Amur River. The Soviets are also suggesting Sino-Soviet cooperation in joint ventures in the Soviet Far East, and the Chinese are interested. And the Soviets are helping to refurbish 17 plants that they originally built in China in the 1950s, and are building seven new ones.

Moscow and Beijing are again referring to each other as "comrades," and offering positive assessments of each other's reforms. Indeed, they are rediscovering a common identity as socialist states, now that both are determined to develop a new, non-Stalinist and more pragmatic version of socialism. Party-to-party relations may even be resumed. The Chinese have already reestablished relations with most of the East European communist parties.

In short, the deep freeze in Sino-Soviet relations has ended, and a new stage is beginning.

Both sides have powerful motives to continue this process of normalization. Each believes that its most urgent priority for the next decade or more is to modernize its economy; this requires a peaceful international climate, reduced defense spending and calm along the 4,500-mile Sino-Soviet border. They both hope to increase their flexibility and maneuverability in the great power triangle that includes the United States. By improving relations with Moscow, Beijing also hopes to pressure Moscow's client state, Vietnam, to withdraw from Cambodia quickly and to accept China's (and the West's) preferred solution to the Cambodian problem—a dissolution of the existing pro-Hanoi government of the People's Republic of Kampuchea (P.R.K.) and its replacement by a genuinely neutralist four-party coalition led by Prince Norodom Sihanouk. Most important, now that Gorbachev is withdrawing from Afghanistan and concentrating on improving Russia's stagnant economy, the Chinese see a much reduced Soviet threat for some time to come. Within the next few years it is therefore likely that there will be a border settlement and a substantial mutual withdrawal of Soviet and Chinese forces from the border.

There are also economic considerations. For both Moscow and Beijing, barter trade preserves scarce foreign exchange. And, for China, Soviet technology is more appropriate than Western technology for those enterprises built by the Soviets in the 1950s.

A return to a 1950s-type alliance, however, seems out of the question. Even the development of an intimate and trusting

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relationship seems highly unlikely. For years to come, China's two major concerns will be security and development, and in each category China has much more to gain from the West than the Soviet Union. In the strategic realm, so long as the Soviet Union has the most powerful army on the Eurasian continent, keeps one-third of its nuclear weapons in the Far East, maintains a huge Pacific fleet off China's coast, and supplies arms to two of China's adversaries, India and Vietnam, the Chinese will want to maintain stable relations with the West in order to balance Soviet power. China's view of the United States as a crucial counterweight to the Soviet Union in Asia is implicit in a variety of Chinese writings and explicit in informal conversation with Americans.

Moreover, there is a continuing wariness in China, as there is in the West, about Gorbachev's motives. In a 1986 book, *The Soviet Far East Military Buildup*, Chinese analyst Yao Wenbin warned that the new Soviet "peace offensive" in Asia was designed to divide the "anti-hegemonic" forces and to sow discord in U.S. relations with China, Japan and other Asian countries. Even more recently, the Chinese noted that Gorbachev's announced reduction of 500,000 troops worldwide was in part designed to weaken European defense efforts, dampen defense cooperation between the United States and Europe, and strengthen calls for a U.S. troop withdrawal from Europe.

A basic constraint on any Sino-Soviet rapprochement will be the geopolitical rivalry between the two great continental land powers, which is bound to continue. China and Vietnam will also continue to eye each other warily, even after Hanoi withdraws from Cambodia. Hanoi keeps a large portion of its 1.2-million-man army on the Chinese border and there is a continuing territorial dispute over the Spratly Islands in the South China Sea. China will therefore continue to be wary of Vietnam's alliance with Moscow. To balance that combination, China and Thailand are developing a much closer military relationship. The two countries have recently agreed to set up a war reserve stockpile on Thai territory. In Korea, which borders on China's strategic province of Manchuria, the Chinese are concerned—although they do not say so publicly—about growing military ties between Moscow and Pyongyang. In South Asia the Chinese are still worried about the Soviet-Indian connection and continuing Soviet pressure on Pakistan.

In the economic sphere, China's relations with the Pacific

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market economies are almost certainly going to continue to be much more important than its economic relations with the Soviets. China conducts less than five percent of its trade with the Russians whereas its trade with Japan, the United States and other Pacific countries constitutes more than two-thirds of its booming trade.

In sum, the Chinese, for their own reasons, will not move so close to Moscow as to jeopardize their relations with the West. The power balance in East Asia will not be changed. The probable normalization of Sino-Soviet relations will occur without trust or intimacy, and the West should not fear it. Indeed, such a détente between the two great Asian land powers—if it leads to a Soviet withdrawal from Afghanistan, a Vietnamese withdrawal from Cambodia and a general reduction of tension in Asia—is in the West's interest, particularly as long as both Moscow and Beijing are preoccupied with domestic reform and seek stable relations with all the Western powers.

The main impact of the Sino-Soviet détente will be on Moscow's Asian allies. North Korea and Vietnam will find it more difficult to play China off against Russia. As a result, pressures will grow for North Korea to come to terms with South Korea and for Vietnam to accommodate itself to China and ASEAN. The principal effect on India will be to move it in the direction of better relations with China and the United States. Thus, the Soviet Union's allies in Asia may be forced to reconsider some of their past policies, which could in turn open new opportunities for an astute American policy.

III

For Gorbachev, reaching a modus vivendi with Japan will probably be his greatest single challenge in East Asia. He wants technological assistance from Japan in order to develop Siberia, and he needs Japan's support if the Soviet Union intends to join the dynamic Pacific economy.

Gorbachev has taken a number of small steps to improve relations with Japan. Soviet Foreign Minister Eduard Shevardnadze has resumed regular exchanges with his Japanese counterpart after a lapse of a decade, and Gorbachev has expressed a desire to visit Japan. This would be the first such visit by a Soviet leader in the postwar period. In contrast to earlier Soviet comments that dismissed Japan as a stooge of the United States, Gorbachev has made positive statements about Japan's growing role and importance in global diplomacy. And in contrast to

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their former rigid and unyielding manner, Soviet diplomats have adopted a new style which the Japanese press refers to as "smile diplomacy." Moscow has appointed a new Japanese-speaking career diplomat, Nikolai Soloviev, as the Soviet ambassador to Japan.

Even on the territorial issue of returning the northern islands, Moscow is displaying new flexibility. While Soviet officials used to say that the issue was closed and there was nothing to discuss, they now concede it is a problem that needs to be resolved. When Shevardnadze visited Japan in December, he signed a communiqué implicitly recognizing the existence of a territorial dispute. As a result, preparations are now under way for a summit between Gorbachev and Prime Minister Noboru Takeshita sometime later this year.

Both Moscow and Tokyo have strong incentives to compromise. For the Soviets, easing relations with Japan is essential to gaining entrance to the Asian Development Bank and the PECC and to achieving access to Japanese technology, objectives which now rank very high on Gorbachev's agenda. For its part, Tokyo will not want to be left out of what may be a worldwide rapprochement with the Soviet Union. Moreover, if European and American businessmen and bankers encourage trade with Moscow, the Japanese private sector will want to do the same.

But even if Gorbachev is able to reach an understanding of sorts with Tokyo, the Soviet Union and Japan will continue to be adversaries. First, the territorial dispute will not be fully resolved. The Soviets are unlikely to return all the disputed islands because they are of considerable strategic importance. The islands straddle the passage between the Sea of Okhotsk and the Pacific Ocean and are extremely valuable for the Soviet navy, which hides many of its missile-firing submarines in the Sea of Okhotsk. Control of the disputed islands allows the Soviets to monitor the entrances and exits to that strategically vital body of water. Without such control, Soviet submarines would have to operate in the open waters of the Pacific, where the American navy would pose a much greater threat. Moreover, the Soviets fear that returning the islands to Japan would set a precedent for other countries from which the Russians took territory during World War II to make their own territorial demands on the U.S.S.R., thus opening a Pandora's box of irredentist aspirations at a time when ethnic tensions are already on the rise inside the Soviet Union. In any case, the

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Soviets have little incentive to give back any of the islands without obtaining a major concession in return.

A second constraint on Soviet-Japanese relations is Japan's firm alliance with the United States. Despite serious trade problems, both Tokyo and Washington have very powerful economic and strategic incentives to strengthen an alliance that has been the cornerstone of Pacific prosperity and security. Indeed, military cooperation between the two Pacific allies has been growing steadily during the past decade because of their common view of the Soviet Union as a hegemonic threat. Japan has been gradually but perceptibly increasing its contribution to Pacific security. Tokyo has already deployed more modern destroyers than the United Kingdom has in its entire navy; the Japanese also have four times more P-3 aircraft for antisubmarine warfare than the American Seventh Fleet and as many modern aircraft defending their homeland and sea-lanes as the United States uses for its entire continental defense. Japan has also become the largest donor of economic development assistance to such key Asian countries as China, the Philippines and India.

Meanwhile, the Soviets have built up forces in the Sea of Okhotsk and the northern part of the Sea of Japan, and the United States and Japan are making efforts to counter this buildup. Thus, the region around the Japanese archipelago is becoming one of the major theaters of the U.S.-Soviet military rivalry in Asia.

Third, the limitations of the Soviet economy combined with recent structural changes in the Japanese economy make it unlikely that economic relations between the two countries will improve rapidly. In the 1970s Japan was one of the top three capitalist countries in trade with the Soviet Union. But by 1981 Japan had fallen to fifth among the capitalist nations trading with Moscow. Japanese enthusiasm for getting involved in large Siberian development projects has largely evaporated because, since the 1970s, Japan has established a more fuel-efficient production method for its industries and greatly diversified its sources of oil supply. At a time of plentiful oil and relatively low energy prices, the Japanese have lost much of the appetite they once had for exploring Siberian coal and gas reserves. Of some 100 joint ventures the Soviets have signed recently, Japan's share is only a meager five projects—a good indication that Siberia is no longer as alluring for Japanese business.

In any case, there is a legacy of mistrust that is bound to

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inhibit any substantial warming of relations. The two countries have been at odds for most of this century and have yet to sign a peace treaty ending World War II. They fought four times, the last time in 1945 when the Red Army entered Manchuria in the final weeks of World War II. The Japanese still regard this as a "stab in the back" that violated the Soviet-Japanese treaty of neutrality in 1941. Moreover, the Soviets kept over half a million Japanese prisoners in the Soviet gulag and many of them never returned home. As a result of this history, Japanese public opinion polls regularly show that the Soviet Union is the least liked and most distrusted of all foreign countries.

Within the Japanese elite, and particularly among the professional diplomats who are Soviet specialists, dislike of the Soviet Union is deeply rooted. This stems in part from the crude and condescending behavior that the Russians displayed toward Japan during the Gromyko era. As a result, perhaps more than any other country in the Western alliance, the Japanese are extremely cautious and skeptical about the changes in the Soviet Union under Gorbachev.

IV

In Korea the Soviets are playing a new game designed to have the best of both Koreas. They are increasing their strategic relations with North Korea while demonstrating new flexibility toward South Korea. Since Kim Il Sung's visit to Moscow in 1984, the Soviets have supplied Pyongyang with new military hardware, including SU-25 ground attack aircraft, the most effective of the Soviet Union's attack planes; MiG-29 Fulcrum aircraft, one of the most sophisticated planes in the Soviet arsenal; and SA-5 Gammon surface-to-air missiles along with the advanced Tin Shield early warning radar network, the first time this system has been deployed outside the Soviet Union. All of this contrasts with Moscow's reluctance in the 1970s to supply the volatile North Korean dictator with advanced weapons. For its generosity, Moscow has been able to gain overflight rights over North Korean territory and its Pacific fleet has made calls at North Korean ports. North Korea has also toned down its independent foreign policy and fallen in with Gorbachev's general line.

Meanwhile, Moscow is holding out olive branches to the Republic of Korea. Despite Pyongyang's boycott, the Soviets attended the Olympic Games in Seoul, and in his speech at

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Krasnoyarsk in September 1988 Gorbachev signaled his intention to expand economic relations with South Korea. Both sides have now agreed to set up trade offices in each other's capital. Recently two influential Soviet orientalists, Georgii Kim and Mikhail Titarenko, visited Seoul and indicated that the Soviet Union was now ready to have regular informal exchanges with the R.O.K. In sum, the Soviets, like the Chinese, are pursuing a de facto "two Koreas" policy.

Seoul has responded favorably to Soviet overtures. For domestic reasons, President Roh Tae Woo wants to adopt a policy more in line with growing South Korean nationalism—a policy of avoiding excessive dependence on the United States. There are also economic motives: President Roh has authorized some of his top business leaders to visit Moscow to scout the possibilities for trade, investment and joint ventures. South Korea also hopes to prod North Korea into negotiation; Roh is adopting a more flexible policy toward the North than any previous South Korean leader has ever dared. He is wisely encouraging the United States and other Western countries to be more flexible toward Pyongyang in an effort to end North Korea's long isolation. And Roh has formally proposed a six-power conference including the Soviet Union to help resolve the Korean issue.

Over the longer run, however, Seoul's enthusiasm for its new Moscow connection may wane once South Korean businessmen discover the realities of doing business in the Soviet Union. South Korea's leading firms are already seeking Japanese co-participation in Siberian joint ventures, but receiving only a lukewarm response. This is bound to cool Korean enthusiasm. Moreover, Seoul may soon discover that Moscow's influence in North Korea is limited. Finally, since South Korea is still highly dependent on the American market and surrounded by communist states, including a volatile North Korea, these economic and geopolitical realities will dictate a continuing interest in a strong alliance with the United States. The best that Seoul can hope for—and it is not negligible—is to overcome its past diplomatic isolation by the major communist powers (it is already engaging in substantial trade with China) and to diversify its export markets.

In Southeast Asia, as in Korea, the Soviets are trying to have it both ways. While increasing military and economic assistance to Vietnam, which has now reached a level of $3 billion a year, Moscow is pressuring Vietnam to withdraw from Cambodia in

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order to improve relations with China and ASEAN. The Vietnamese have promised to withdraw all their troops from Cambodia by 1990 after withdrawing some 50,000 of them in 1988.

The Soviets are courting ASEAN instead of condemning it as an "imperialistic" bloc, as they once did. Mr. Shevardnadze toured Indonesia and Thailand in 1987, the first such visit by a Soviet foreign minister in 20 years. The prime ministers of Malaysia, Australia and Thailand have all visited Moscow with their foreign ministers, and the presidents of the Philippines and Indonesia are expected to follow suit. Moscow is also seeking to become a "dialogue partner" of ASEAN, along with the United States, Japan and the European Economic Community.

There is at least one basic problem with Moscow's new strategy in Korea and Indochina: the Soviets do not control either North Korea or Vietnam. The North Koreans have maintained a militant and uncompromising posture toward South Korea for the last three decades, while insisting on their own solution to the unification issue. On several occasions they have resorted to terror, most recently when two North Korean agents planted a bomb on a South Korean passenger airliner. The North Koreans have adamantly refused any serious discussions with South Korea about defusing their conflict unless the Americans agree to withdraw from Korea. Moreover, while Moscow and Beijing are reforming their economies and opening up to the outside world, North Korea remains a bastion of Stalinism, xenophobia and ideological fanaticism. Whether all this will change after Kim Il Sung passes from the scene remains to be seen.

Similarly, in the case of the Cambodian conflict, the Vietnamese are free agents. Hanoi sees itself threatened in Cambodia by China and its Khmer Rouge allies. It is unlikely that Vietnam, after withdrawing from Cambodia, will allow its P.R.K. protégé to be replaced by a genuinely neutralist government. That is the most plausible reason for Hanoi's continuing refusal to agree to an international peacekeeping force in Cambodia after it withdraws its troops.

Moscow is therefore limited in the amount of pressure it can put on either Pyongyang or Hanoi. Kim Il Sung, the North Korean dictator, does not trust the Russians, and in Vietnam Moscow does not want to risk eviction from strategically important bases in Cam Ranh Bay. Thus despite Moscow's efforts

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to gain greater flexibility in Korea and Southeast Asia, the scope for expanding its influence may be limited by the recalcitrance of its allies.

V

Improving its bilateral relations with all the countries of the region is one general Soviet objective in East Asia. Another is to increase Soviet trade with, and involvement in, the dynamic Pacific economy. While most of the Asia-Pacific countries, including China, have become increasingly integrated into the Pacific economy, the Soviet Far East has been isolated from it. An important part of the explanation for this is that previous Soviet leaders, especially Leonid Brezhnev, pursued a "guns over growth" development strategy in Siberia. They invested in military assets instead of exploiting the vast economic resources in the eastern regions of the Soviet Union. And because of their obsession with military secrecy, the Soviet leaders closed off the Soviet Far East to outsiders. Now the Soviets say they intend to open up the area and turn parts of it into special economic zones designed to attract foreign investors, joint ventures and tourists. At a recent weekend conference in Vladivostok, the capital of the Maritime Province which had previously been closed to foreigners, the Soviets said they want to triple their Pacific trade in the next 12 years.

Soviet trade with the Pacific in 1986 amounted to only about six percent of total Soviet trade and of this portion, almost 65 percent was with other socialist countries—China, Vietnam, Mongolia and North Korea. (By contrast, U.S. trade with the region exceeds its trade with Europe and constitutes more than one-third of its total trade.) For most of the market economies in the region, trade with the Soviet Union is both minimal and unbalanced. The Soviets import far more than they export because Soviet exports are simply not competitive either in terms of price or quality. In the past six years Soviet trade with the ASEAN countries has declined by half to less than $500 million, and only about 20 percent of that are Soviet exports. And while China's trade with South Korea was more than $2.5 billion last year, Soviet trade with South Korea reached only $200 million.

The basic obstacle to expanded Soviet trade with East Asia is structural. Due to the very nature of the command economy, Soviet enterprises do not have much incentive to export. They are not in competition with each other or with foreign com-

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panies. They have little interaction with foreign customers or foreign competitors. They have an assured domestic market for their goods. And they do not have the "survival motive" so important in the Western market economies, because the state has traditionally made sure that Soviet enterprises do not go under. Even if all of these problems were resolved by a dramatic move toward market reforms, the Soviet enterprises would have to start producing high-quality, reasonably priced manufactured goods that could compete on world markets. This is unlikely to occur any time soon.

Moreover, despite a good deal of rhetoric about a new economic policy in the Soviet Far East, economic realities dictate that Siberian development will be put on the back burner because of its enormously high cost and difficulty. Any large increments of new investment will almost certainly go into the European regions of the U.S.S.R., where the cost of labor and capital is much lower and the infrastructure is more highly developed.

There will also be severe obstacles to attracting substantial numbers of foreign investors to participate in joint ventures in the Soviet Far East. The Soviets will have to make the conditions for doing business and repatriating profits more attractive than they are now. They will need to develop the Far East by investing substantially in roads, railways and ports. They will need to open Vladivostok for more than a weekend conference and change it from a port oriented largely to military purposes to one adapted to commerce. And even if they do all of these things, foreign companies will still have to do business in a Soviet economy that remains notorious for its bureaucratic rigidities, shortages of raw materials and general inefficiency.

Finally, in addition to structural problems, the Soviets lack a business culture. Except for some remnants of entrepreneurship in Armenia and the Baltic states, the Soviet system has produced a nation of bureaucrats who fear taking risks and have little desire to market products aggressively. It could take a generation for the Soviets to change this.

In sum, even if all goes exceptionally well with Gorbachev's economic reform efforts, the Soviets will probably remain a marginal player in the Pacific economy for years and probably decades to come.

VI

Yet another professed Soviet objective in East Asia is regional arms control and force reductions. In his speech at Krasno-

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yarsk, Gorbachev made a seven-point proposal: to freeze the level of nuclear weapons in the region; to invite all naval powers in the region for consultations on freezing naval forces; to have a multilateral discussion on reducing military confrontation in Northeast Asia; to eliminate U.S. military bases in the Philippines in exchange for Soviet withdrawal from Cam Ranh Bay; to discuss ways to prevent incidents in the open sea and in the airspace above it; to have an international conference for turning the Indian Ocean into a peace zone; and to develop a negotiating mechanism to examine these and other proposals.

So far the dominant reaction in the West to Gorbachev's arms control initiatives has been one of skepticism. Two American officials recently observed that the Soviet proposals were one-sided. Capping naval force levels, they said, would inhibit Japan from making greater contributions to its own defense. Freezing naval and air deployments in the region, they argued, makes more sense for the Soviet Union, a land-based power, than it does for the United States, a naval power which relies on a strategy of forward deployment. As they pointed out, "sea lanes are to America what railroad lines are to the Soviet Union. We cannot imagine the Soviets agreeing to constrict their own vital arteries." If the Soviets really want to eliminate tensions in Asia, American officials argue, they must reverse the recent growth in Soviet land, naval and nuclear forces which threaten Asia. One-third of all Soviet forces are stationed in the Pacific region, with particular concentration along the Sino-Soviet border, the Kamchatka Peninsula and the Sea of Okhotsk.

Some Chinese newspapers were also skeptical about Gorbachev's proposals. They suggested that these ideas were designed to weaken American naval superiority in the region and to preempt a Japanese naval buildup.

The Japanese are even less enthusiastic. They insist that the Soviet Union must adopt a more defensive posture in the Soviet Far East, recognize Japan's legitimate security interest in its alliance with the United States and move toward some settlement of the territorial dispute to show that it is really interested in defusing regional tensions. Japanese officials point out that arms control is not an end in itself but merely a means for achieving stability. In Europe a German settlement preceded the Helsinki conference on European security. In Asia, they argue, the first task is not arms control but an effort to resolve the political disputes.

There is a good deal of merit in all of these objections to

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Gorbachev's proposals. The basic fact is that the Soviet Union seeks to overcome American naval superiority in the Pacific through naval arms control, just as NATO is now seeking to overcome Soviet superiority in Europe through conventional arms control. But the United States has little incentive to rectify the imbalance in the Pacific, any more than the Soviet Union has a great incentive to rectify it in Europe. Moreover, the United States has a vital interest in maintaining a robust naval presence in the Pacific in order to reassure its allies of its credibility and to help maintain regional stability. So long as the Soviet Union, North Korea and Vietnam retain huge land armies in Asia, the latter two with Soviet support, the United States will be under pressure from its allies in the region to continue to maintain visible naval and air superiority.

Nor will the Japanese or Chinese have any interest in freezing naval deployments, since they both perceive themselves to be at a great disadvantage to the Soviet Union.

An appropriate Western response to Gorbachev's Krasnoyarsk proposals would be to point out precisely why his proposals are one-sided and then go on to suggest some ways of reducing tension in the Pacific that are in everyone's interest. It is to this that I now turn.

VII

Because of several new factors, especially economic development, international relations in East Asia are undergoing a substantial change. First, the region's extraordinary economic growth, which has now been sustained over several decades, is leading to the rise of many new sources of power, including Japan, China and such middle powers as the Republic of Korea. As a result, the old bipolar world is eroding and a new multipolar system is emerging. By the end of the century Japan could have a GNP of $4 trillion, comparable to that of the United States today; China could have a GNP close to $1 trillion; and the R.O.K. could have a GNP of some $400–$500 billion. East Asia already produces close to 20 percent of world GNP, not far behind North America, which now produces 27 percent. By the end of this decade East Asia will probably contribute as much as North America to world GNP. This change in relative economic power does not mean an end to the postwar structure in which the United States has occupied the central role. But it does mean that the United States will have to treat its allies in East Asia as partners rather than clients.

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Second, the vigorous expansion of trade, investment and other economic ties within the Pacific region is contributing to a new type of "positive sum" international relations in which all the players benefit from a growing pie, develop a stake in maintaining an open trading system and, in the process, create a set of peaceful and friendly relations among themselves.

The more moderate post-Mao China, which has given up support of revolutionary violence in favor of concentrating on economic development at home, is already being integrated into the Pacific economy and developing an interest in peaceful relations with all the countries of the region. Provided Gorbachev's market reforms go far enough, and the Soviet Union begins to reallocate resources away from the military and toward the civilian sector—as the Chinese have done—the Soviet Far East may also be integrated eventually into the Pacific economy. Looking further into the future, North Korea and Vietnam could also be absorbed.

A third prominent feature of East Asian international relations is that, for the first time in postwar history, a major reduction of tensions among all four major powers in the region is now taking place. There is no "odd man out." The United States and the Soviet Union, after four summits, an accord on intermediate-range missiles and the beginning of a Soviet withdrawal from Afghanistan, are at the foothills of a new détente. Sino-Soviet relations are improving rapidly and Soviet-Japanese relations will probably also improve in the near future.

This positive change in the pattern of relations among the four powers is not occurring at the expense of other relationships. The U.S.-Japanese alliance, despite many problems, remains firm. Both American and Chinese leaders describe their relationship as stable and mutually beneficial. Chinese-Japanese relations are developing a strong economic momentum, particularly now that Japanese Prime Minister Noboru Takeshita has promised Beijing some $6 billion in soft loans and an increase in Japanese investment in China.

To be sure, there are many uncertainties in the rapidly changing strategic situation in East Asia and there will be many barriers on the road toward a more peaceful and stable environment. After 40 years of cold war between the two superpowers, several decades of Sino-Soviet hostility and a century of mistrust between Russia and Japan, suspicions among all the major powers are still strong.

Nevertheless, the prospects for a breakthrough in easing

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tensions have not been better since the end of World War II. And the opportunities now unfolding—particularly the new Soviet diplomacy in the region—need to be explored.

If the Gorbachev leadership is serious about cooperating with the United States in reducing tensions in the Pacific and in joining the Pacific economy, it must stop pursuing policies that threaten American vital interests. In particular, it needs to engage in some "new thinking" about the role of American alliances. A Japan freed from the American embrace might become more, not less, dangerous to Moscow.

Furthermore, the Soviet Union must also be told to stop making arms control proposals so one-sided that they increase suspicions of its intentions. For example, Gorbachev promotes nuclear-free zones in Korea and Southeast Asia. Such proposals, if implemented, would constrict only U.S. forces.

If the Soviet Union wants to join international economic organizations in Asia, it should first be required to furnish much more data about its own economy than is presently available. It should also indicate what specific contributions it is prepared to make to such organizations. Will it, for example, become a contributor to Asian Development Bank projects? And, once it joins, will it use such organizations to exploit economic frictions between the United States and its allies, or will it seek to play a constructive role in the region?

The Western governments also need to discourage untied bank loans to the East bloc and to decide under what conditions they will grant government-backed loans to the Soviet Union and lift various restrictions on trade. There should be some effort to link these loans to Western political objectives—progress in arms control, ameliorating regional conflicts, improving the human rights situation in the Soviet Union and cutting back Soviet arms sales abroad.

On the security front, there should be few if any reductions in the American conventional or nuclear presence in Asia and no change in the strategy of forward deployment that the United States has successfully pursued for more than 40 years. There should, however, be a five-part agenda for creating a more peaceful situation: reducing regional tensions; engaging in reciprocal unilateral restraint; holding a dialogue on naval doctrine at the highest levels; exchanging data on defense budgets and force projections; and establishing an effective crisis-management regime.

First, reducing regional tensions should be given the highest

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priority because it is the one issue on which the major powers have a strong common interest. In Korea, all four of the major powers want to avoid a new Korean war, to help bring about a détente between North and South Korea, to open up Pyongyang to the global community and to improve their own relations with the two Koreas. Now that Moscow and Beijing are both improving their relations with South Korea, the United States and Japan, with Seoul's approval, can try to improve their relations with Pyongyang. The immediate objective of all four powers should be to get the two Koreas into a new dialogue which eventually leads to a substantial drawdown of forces along the 38th parallel, family reunification, the beginning of trade, and a variety of contacts between Seoul and Pyongyang. Ultimately, both Koreas should sign a peace treaty and enter the United Nations.

In Cambodia, all four powers should press the Vietnamese to withdraw soon and to allow the formation of a four-party coalition under Prince Sihanouk. The transition to the new government should take place under international supervision. Steps must also be taken to prevent the Khmer Rouge from returning to power alone after the Vietnamese leave.

Second, the two superpowers could begin to take unilateral steps to reduce their military confrontation in the Pacific. Gorbachev told the U.N. that the Soviet Union would begin to make substantial unilateral reductions of troops stationed along the Sino-Soviet border. Naval and air power directed against Japan and the United States should also be reduced. Washington, in turn, might cut back on military exercises.

Third, high-ranking Soviet and American naval officials should enter into regular exchanges to discuss their respective naval doctrines and future force projections in the Pacific. Such a dialogue in itself would be a major confidence-building measure. The American navy ought to be prepared to discuss its "maritime strategy," and the Soviet admirals should discuss their own "ocean bastion" strategy while making available data about their own forces and force projections in the Pacific. At present, all data on Soviet forces come from Western sources.

Fourth, the superpowers ought to exchange data on their respective defense budgets and plans. Soviet officials say they themselves do not know how much the Soviet Union is spending on defense and that they will be able to make such information available only after they have made price reforms scheduled for the early 1990s. But many knowledgeable Amer-

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icans are skeptical of such contentions. At the very least, the Soviet military could furnish data on conscripts, military manpower, numbers of divisions and their readiness, numbers of airplanes and combat ships planned in coming years, and so forth.

Fifth, the incidents-at-sea talks, which have been going on for more than a decade—and which have been among the most successful of the various Soviet-American dialogues—could be expanded in an effort to institute a better system for crisis management in the Northwest Pacific.

The new American administration, while remaining cautious about Soviet intentions, needs to respond constructively and not defensively to Gorbachev's offers to lower tension. A measured response, as sketched above, would be appropriate.

There are two basic advantages to be derived from such an approach. First, in terms of public diplomacy, we should not allow Gorbachev to pose as the peacemaker in Asia and the United States to appear rigid and unimaginative. It should be made clear how and why the Pacific became such a source of tension in the first place. From Stalin's occupation of Japan's northern territories in 1945 and the unleashing of North Korea against South Korea in 1950 to Brezhnev's aggressive policies in the 1970s, culminating in the Soviet invasion of Afghanistan, it has been the Soviet Union that has been largely responsible for the existing cold war in Asia. Moreover, we should also make clear that the Soviet Union and its Asian allies are presiding over failed, overmilitarized and isolated economies due to policies of their own choosing while the liberal trading system we brought into being has led to an unparalleled burst of economic growth among our allies in East Asia.

Second, we need to test Gorbachev to find out whether his peace proposals are simply one-sided and self-serving or whether he is ready to address the legitimate security interests of the United States and its allies in the region. In Europe, the West has correctly made conventional and asymmetrical force reductions the key test of Soviet intentions. We need a similar test in Asia, one that focuses on ending the regional conflicts on terms that are satisfactory to the Western coalition.

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Geoffrey Kemp

MIDDLE EAST OPPORTUNITIES

The Middle East and South Asia are the most dangerous regions in the world today because of the combination of bitter local conflicts, great power involvement, and a new and frightening arms race. President George Bush will face a range of difficult foreign policy choices in this area early in his term, from the new U.S. opening to the Palestine Liberation Organization (PLO), through a postwar settlement in the Persian Gulf between Iran and Iraq, to the fragile domestic scene in Pakistan and India, and the precarious situation of the Soviets in Afghanistan.

The agenda for the region is already set in place as the Bush Administration takes office. Although there is room for flexibility in the American approach, the basic determinants were laid down by the events of 1988 and the eight-year record of the Reagan Administration.

Dramatic and often surprising events across the region marked the year 1988; some pointed to a lessening of tensions, some intensified confrontations that had long simmered below the boiling point, and some, coming in the last days of the year, increased the need for timely diplomatic initiatives by the United States.

II

The most immediate of the diplomatic challenges involves the emerging U.S. policy toward a restive Israel and a seemingly more conciliatory PLO. The long-standing U.S. relationship with Israel and a new official relationship with the Palestinian national movement have thrown U.S. policy toward the region into uncharted waters. The evolution of the Palestinian problem in the last year of the Reagan Administration was rapid, even startling, to those who have become accustomed to futile impasse in this long-standing rivalry.

In early December 1987 the Palestinians living in the West

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Bank and Gaza initiated the *intifadeh*, or uprising. The sudden drama of this event forced Secretary of State George Shultz to become reengaged in the peace process. Among others, Shimon Peres, Israeli foreign minister at the time, believed that the only way to achieve a breakthrough in the peace process was to involve Jordan's King Hussein, under the rubric of an international conference. Shultz undertook his own version of shuttle diplomacy and made three visits to the area in February, April and June 1988, trying to gain support for a revised Middle East peace plan.

The "Shultz plan," which drew upon the provisions of the Camp David accords and the September 1, 1982, Reagan peace plan, was based on the well-known "land for peace" formula laid out in U.N. Resolution 242. It called for an international conference and implied that Israel would have to give up some of the Arab territory it occupies. Contained in the peace plan was an accelerated version of the time frame set out in the Camp David accords, particularly the period required for autonomy before a permanent negotiated settlement could be reached.

The Shultz plan was a gamble. While many of the provisions were already familiar, Shultz' efforts to meet the Arabs' need for an accelerated peace process and the Israeli need for an interim arrangement before handing territory back ran into predictable trouble. Apart from Peres and Egypt's Hosni Mubarak, no other Middle East leaders wanted to consider the plan. King Hussein encouraged Shultz in his efforts but refused to endorse the policy. Israeli Prime Minister Yitzhak Shamir and his Likud supporters adamantly rejected it. So did the PLO, since the plan did not provide for the creation of a Palestinian state or accept the right of the PLO to participate in the peace process.

Two dramatic events ultimately overshadowed the Shultz plan: King Hussein's decision on July 31 to relinquish Jordanian sovereignty over the West Bank in favor of the PLO, thus severing historical ties between his kingdom and the West Bank; and the Palestinian National Council (PNC) meeting in Algiers in November, which passed a resolution proclaiming an independent Palestinian state and giving implicit recognition to Israel by accepting, under certain conditions, U.N. Resolutions 242 and 338. Even so, the United States did not consider the language explicit enough to open a dialogue.

Following the Algiers meeting, PLO leader Yasir Arafat ap-

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plied for an American visa to attend a U.N. General Assembly meeting in December. But his application was turned down by Shultz, who argued that to admit Arafat to the United Nations would be to condone the leader of an organization that had conducted terrorist acts against American citizens. Shultz' decision was intensely personal and subjected to worldwide criticism. However, at least 68 U.S. senators came out in support of Shultz' position. For just over two weeks the United States was internationally isolated, along with Israel, in its seeming rejection of the PLO's new peace offensive. The United Nations voted almost unanimously to move the General Assembly to Geneva to hear Arafat speak on December 13 (only the United States and Israel voted against the proposal). This was a telling rebuff to American policy and it put pressure on the administration to find some way to be more positive toward Arafat's initiative.

Arafat himself was being urged to bend a little more. In December prior to the Geneva General Assembly session, he met in Stockholm with a group of American Jews committed to more activist American and Israeli policies toward compromise on the Palestinian issue. At the end of the Stockholm meetings, which were expertly brokered by Sweden's Foreign Minister Sten Andersson, a joint statement was issued clarifying the position previously taken by the PNC in Algiers, saying it "established the independent state of Palestine and accepted the existence of Israel as a state in the region" and "declared its rejection and condemnation of terrorism in all its forms, including state terrorism." A breakthrough seemed possible, provided Arafat repeated this language in Geneva.

But Arafat did not say the magic words in his U.N. speech. Only after much overnight diplomatic activity, at a press conference the next day, did Arafat affirm the rights of all parties in the conflict to "exist in peace and security, including the state of Palestine, Israel and their neighbors." He repeated his call for an international peace conference based on U.N. Resolutions 242 and 338. On terrorism, Arafat declared, "I repeat for the record that we totally and absolutely renounce all forms of terrorism, including individual, group and state terrorism." His use of the word "renounce" was taken as significant because he had previously always said he "condemns" terrorism.

In a matter of hours Shultz announced that the United States would enter into the long-withheld dialogue with the PLO. Two days later U.S. Ambassador to Tunisia Robert Pelletreau met

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for the first time with PLO officials in Tunis for preliminary talks to discuss the procedures for a substantive dialogue. A new, historic watershed in the Arab-Israeli conflict had been crossed.

Israel's election in November was followed by the formation of another broad coalition government, as well as the resurgence of the extreme religious parties. The motivation to retain the coalition was in part to deny the religious parties the right to dictate new legislation as to "who is a Jew" and to enforce stricter Sabbath codes. Such legislation would have been extremely unpopular both at home and within the American Jewish community. After much debate the coalition government was finally announced in December, brought together as a direct result of the political earthquake caused by the U.S. decision to meet with the PLO, and the need for Likud and Labor to work together to resolve potential economic crisis.

As for Lebanon, the United States and Syria tried to select a new Lebanese president in September but the divided confessional groups within the Lebanese parliament rejected these efforts and could not even muster a quorum to vote. Fears that Lebanon would eventually be partitioned grew at year's end as the constitutional crisis remained unresolved.

During the U.S. election campaign Vice President Bush had come out strongly against a Palestinian state. His position paper on the Middle East was especially tough on conditions for accepting a PLO role in the peace process. It stated that the PLO must not only accept U.N. Resolutions 242 and 338, accept Israel's right to exist and renounce terrorism, but also that the PLO must "remove language from its charter demanding Israel's destruction." The paper does recognize, however, that the Palestinian problem must be solved and that Palestinians "must be involved in every step of the process."

President Bush's flexibility on the Palestinian problem is circumscribed by political realities. How should the United States respond to the inevitable acts of terrorism that will be committed by radicals determined to prevent a settlement? What should it do if Israel cracks down harshly on the Palestinian population, establishes new Jewish settlements in the occupied territories and continues to reject any notion of dialogue with the PLO? Bush must not only show that he is tough on terrorism; he, unlike his predecessors, also has to face the reality that on the Palestinian issue there is a growing convergence between European, Soviet and moderate Arab positions.

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The United States cannot ignore this trend. Indeed, it is an issue that Israel must eventually come to terms with.

One possible initiative would be for President Bush to urge the Soviet Union to restore diplomatic relations with Israel without conditions, to urge the moderate Arabs to be as forthcoming as Arafat (and, earlier, Egypt) in openly acknowledging Israel's right to exist, and to urge Israel to hold free and open elections in the occupied territories. If the Soviet Union restores relations with Israel it can hardly be kept out of the peace process; if the Arabs make a gesture to Israel they will expect some reciprocity toward the PLO; and if Israel agrees to free elections in the occupied territories it will give the PLO de facto recognition. This last option may pave a way for Israel to deal eventually with the PLO.

Israel can throw the ball back into Arafat's court if it takes the initiative. It might:

—Agree to hold free elections in the occupied territories within six months, provided that organized protests and violence stop. Allow international observers to witness the process. All Palestinians living in the territories should be eligible to run unless they have criminal records or openly advocate destruction of the state of Israel.

—Accept the fact that most of the candidates will be PLO supporters whether they acknowledge it or not. Make clear that there are two Israeli-Palestinian agendas: economic and social policy (such as roads, schools, housing, law and order) and foreign policy (such as a peace settlement and relations with the diaspora Palestinians and Jordan). The elected officials would enter into an immediate dialogue with Israel to move to some form of local autonomy and an early end to military occupation.

—Make available the necessary resources to rebuild the depleted economies of the territories, rebuild homes for the Arabs and restrict construction of new Jewish settlements.

—Work with the United States to persuade the PLO to accept this interim step. The presumption is that, to ensure PLO compliance, the elected officials would not enter into any discussions with Israel over the final status of the territories. It would be the U.S. job to find a formula for peace talks, possibly to include an international conference. This would allow the PLO and elected officials from the territories to participate.

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Obviously this approach would meet with fierce resistance in both Israel and the PLO, but some variant of it may be the only way to break the logjam. The economic plight of the Palestinians in the territories is so bad that something has to be done soon, irrespective of what is happening in the international arena.

III

The conflict between Iran and Iraq took on new and dramatic dimensions when Iran announced, in July 1988, that it would accept U.N. Security Council Resolution 598, which outlined a ten-point peace plan to end the eight-year-old war. Ayatollah Ruhollah Khomeini blessed the agreement but admitted that taking this decision was "more deadly than taking poison." A cease-fire began and negotiations for exchanges of wounded prisoners were soon under way. A U.N. Iran-Iraq Military Observer Group was established to patrol the cease-fire lines and report violations.

The Iranian decision to reverse its militant policy was not a surprise to those who had been following that country's intense internal debate over the war. The timing was directly linked to severe military defeats. Since the summer of 1982, when the Iranians took the offensive following the invasion by Iraq in 1980, Khomeini believed that the war was necessary to sustain the revolution. By the early summer of 1988, however, it became apparent that continuing the war could destroy the revolution. Eight years of fighting had gained little except international isolation and hundreds of thousands of martyrs.

President Bush will have to think carefully about the future American policy in the Gulf. A gradual withdrawal of the American and European presence is already under way, and there is no reason for this not to continue as long as the cease-fire holds. But ultimately some regional balance of power will have to emerge to keep peace between Iran, Iraq and the Gulf Cooperation Council countries. It is in the American interest to encourage these GCC countries to do more to bolster their defense capabilities, but this means continued arms transfers and controversy with Israel. American, Israeli and Arab interests are not served by public brawls on these sensitive matters. The new administration and Congress should work out a formula to settle their differences before they become debilitating and time-consuming struggles.

Regarding Afghanistan, the bipartisan policy of supplying

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arms to the Afghan mujahedeen while actively engaging in U.N.-sponsored diplomacy to negotiate a settlement seemed to be vindicated. The increasing political costs of escalating the war were deemed too high by the new Soviet leadership.

In early 1988 Mikhail Gorbachev announced that Soviet troops would initiate a withdrawal from Afghanistan if a settlement was reached between Afghanistan and Pakistan at U.N.-sponsored peace talks then in progress. A three-part agreement was signed providing for the withdrawal of Soviet forces by February 15, 1989, the establishment of a neutral Afghanistan and the repatriation of millions of Afghan refugees. A fourth agreement made the United States and Soviet Union joint guarantors. Soviet troop withdrawal began in May 1988, but the Soviets threatened to slow down the process because of continued fighting by the mujahedeen. By the end of the year it was not yet clear that all Soviet troops would in fact be out by the February 15 deadline.

One source of confusion was Gorbachev's speech before the U.N. General Assembly on December 7, in which he called for several steps: a complete cease-fire in Afghanistan as of January 1, 1989, the simultaneous halt of all arms supplies to belligerents, the dispatch of U.N. peacekeeping forces while a broad-based government is established, and an international conference on the neutrality and demilitarization of Afghanistan. Gorbachev's failure to mention the February 15 deadline aroused suspicion that the Soviet intention was to partition Afghanistan, which would be a serious setback to U.S.-Soviet cooperation.

In August General Mohammed Zia ul-Haq of Pakistan was killed in an airplane crash almost certainly caused by sabotage. In December his nemesis, Benazir Bhutto, was appointed the first woman prime minister of a Muslim country, following an orderly and democratic election. She assumed office facing severe social and economic problems as well as ongoing conflicts with Afghanistan and India. Bhutto has many clients to please, and support from the Pakistani armed forces is essential for her to cope with her domestic agenda. In this regard Bhutto must put good relations with the Bush Administration and the U.S. Congress near the top of her agenda. Without continued American military assistance the military could become disgruntled. This could put Pakistan's new democracy in jeopardy.

U.S. relations with India improved despite an increase in arms sales to Pakistan. Agreements reached included approval

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for the sale of an American ring laser gyroscope considered essential for the development of the inertial guidance system for a new Indian-designed lightweight fighter. Washington has also agreed to sell India a supercomputer to assist in weather forecasting.

On the subcontinent President Bush must establish a close working relationship with Prime Minister Bhutto. It appears that she has made a compromise with the Pakistani army and will not tamper with its operations in return for a free hand in domestic politics. Perhaps the trickiest problem she and President Bush face relates to Pakistan's nascent nuclear weapons program. The president is required under U.S. law to certify to Congress every year that Pakistan does not possess nuclear weapons, if military aid is to continue. This certification has become increasingly difficult as evidence mounts that Pakistan is indeed building a nuclear bomb. In January 1988 the Reagan Administration and Congress "winked" at the bomb program in view of the sensitive stage of Afghan peace talks. The administration certified that Pakistan did not "possess" a bomb, even though it admitted later in testimony that a Pakistani nuclear weapons program was under way.

When the Afghan war winds down, some in Congress may again try to enforce U.S. law and threaten to cut off military aid. Such an action would be very harmful to Bhutto's future, since it would generate a strong backlash within the Pakistani national security establishment. Bhutto has been very ambiguous about her intentions on the nuclear program, knowing full well that any explicit acceptance or rejection of nuclear weapons puts her in trouble with powerful groups in both the United States and Pakistan. President Bush could help by persuading Congress not to force her hand at this time, for to do so would undermine the world's newest and third-largest democracy.

President Bush must also continue to nurture relations between the United States and India, a relationship which has often been antagonistic, since the United States provides arms to Pakistan while the Soviet Union is the most important supplier of arms to India. Because of close Indian-Soviet ties, American officials have been wary of approving the sale of high-technology items to New Delhi for fear they might end up in Soviet hands. India, on the other hand, has been very reluctant to conform to congressional restrictions concerning the "end use" of American products, arguing that if a country

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pays for an item, rather than accepting it as part of an aid package, the United States should not impose such conditions.

In principle it is very much in the American interest for India to develop a more independent base and become less dependent upon Soviet cooperation. But since the Soviet industrial and technical commitment to India is so extensive, there is no way this process can be achieved quickly. India must retain close ties to the Soviet defense establishment at the same time that it is improving relations with the Pentagon.

Up until 1985 it was very difficult to persuade the Pentagon to pursue a more active role in helping India develop its indigenous base. However, Rajiv Gandhi's accession to the office of prime minister following his mother's assassination in October 1984, and the parallel awareness in Washington that U.S.-Soviet relations were on a more cooperative footing, led to a more relaxed attitude toward technical ties to India.

It is therefore appropriate that the high-water mark in recent U.S.-Indian relations has been the willingness of the United States to approve export licenses for high-technology items for the Indian defense establishment. In the context of bilateral relations this makes sense and should be supported. However, since much the same logic applies to U.S. military cooperation with Pakistan, the Arab countries and Israel, an age-old dilemma arises: How does one reconcile arms sales with arms control objectives?

IV

The Reagan legacy in the Middle East and South Asia will remain fertile ground for future historians. The failures over the past eight years are obvious. Few would disagree that the intervention in Lebanon and the Iran-contra affair were the worst foreign policy blunders of the Reagan Administration.

The terrorist attacks on the American embassy in Beirut in April and November 1983, and the bombing of the marine barracks at Beirut airport in October 1983, demonstrated the limitation of using American forces for "peacekeeping" operations in a hostile environment and the inability of massive firepower (represented by the battleship *New Jersey*) to contain insurgency warfare.

The Lebanon experience made a lasting impression on Secretary of State Shultz. It was humiliating; it made him suspicious of promises made by Arab leaders, who had given him the impression that if he brokered an agreement to get Israel

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out of Lebanon, they would put pressure on the Syrians to leave; and it left with him a personal hatred of terrorism. He became the leading advocate within the administration for using military force to curb terrorism. Ironically, though, it was Shultz' failure to persuade Reagan not to trade arms to Iran for hostages that triggered the Iran-contra affair.

Lebanon and the Iran-contra episode had several elements in common. Both demonstrated how ill-equipped the Reagan Administration was in dealing with the byzantine and violent internecine conflicts of Lebanon and Iran, and both crises involved Israel. The United States went into Lebanon to stop Israel from occupying Beirut, but U.S. forces eventually came under attack from Muslim groups for supporting the Christian Lebanese president, who had made a deal with Israel. In the case of the Iran-contra affair, the United States and Israel together seemed to believe that they could develop a covert opening to Iran, even though each had different agendas. In the final count, U.S. policies in Lebanon and Iran fell apart because of bitter differences of opinion within the executive branch over how to deal with terrorism.

For the United States, about the only residual benefit of the exodus from Lebanon was the lessening of friction with Israel. This paved the way for closer strategic cooperation between the two countries, a process that had been started and suspended in 1981, and then renewed in late 1983. Many advantages to U.S. forces resulted from this cooperation, including access for U.S. navy ships to Haifa and valuable exchanges on advanced technology.

But what about the rest of the Reagan record? Since Americans are great problem solvers, many regard the absence of a breakthrough in the Arab-Israel peace process until December 1988 as a sign of failure. It was not the lack of progress per se that troubled critics, rather it was the belief that progress was essential to prevent a dangerous war in the future. In this regard the administration can claim credit for setting up the Sinai peacekeeping forces in 1981–82, and the late Walter Stoessel's mission to Egypt and Israel to put the finishing touches on the Israeli-Egyptian peace treaty in March and April 1982. So long as that treaty continues and the United States maintains good relations with both countries, the chances of a full-scale war between Israel and the Arab countries are low, and that is surely good news.

Until the U.S. decision on December 14 to open talks with

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the PLO, efforts to expand the peace process had been stymied. In part this was because of Shultz' long reluctance until 1988 to pursue new initiatives. More to the point has been the inherent divisiveness of Israeli, Palestinian and Arab politics. Until the parties themselves are prepared to pay a negotiated price for further peace, the United States has limited diplomatic options. But when the PLO unequivocally met the U.S. requirements for talks, the United States acted quickly and decisively.

Critics argue that the administration could have acted sooner and more effectively to further the peace process. It could have committed the time and prestige of the president to a new initiative at the beginning of his second term; or it could have put more pressure on Israel, including the threat to tamper with aid programs; or it could have leaned more heavily on the moderate Arabs to pressure the PLO into fundamental policy changes. Of these options only the first was politically realistic; yet even in this case it is not clear that Reagan's prestige should have been spent on another Arab-Israeli peace mission when he had other important foreign policy problems to confront, such as forging a better relationship with the Soviet Union.

Another legacy worthy of careful examination is the number of times U.S. military forces, aside from the Lebanon experience, were used in the region during the Reagan Administration. Some of these actions were quick, in-and-out affairs: the deployment of U.S. Airborne Warning and Control System (AWACS) aircraft to Egypt in 1983–84 to assist the Egyptian air force against Libyan threats to Sudan; several direct military encounters with Libya, beginning with the shooting down of Libyan jets in the Gulf of Sidra in August 1981 and most recently over the Mediterranean Sea in January 1989, and the bombing raid on "terrorist related targets" in Libya in April 1986; joint operations with European allies in August 1984 to clear the Red Sea of mines laid by Libyan ships; and the October 1985 interception of an Egyptian airliner carrying the hijackers of the Italian cruise ship *Achille Lauro*. By most reckoning these rapid interventions were successful.

Longer-term deployments of American power have included the continued presence of U.S. troops in the Sinai desert as part of the 2,556-man Multinational Force and Observers. This unobtrusive presence is a cornerstone of American strategic policy in the region and, precisely because there has been no

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publicity associated with this mission, it has set a good precedent for future peacekeeping operations.

The U.S. military presence in the Gulf has been more controversial. Gulf deployments began in earnest in the late spring of 1984, when the so-called tanker war got under way. There were some very precarious moments—the attack on the U.S.S. *Stark* by Iraqi aircraft in 1987, which killed 37 U.S. sailors, and several incidents when American ships were hit by mines. At various times, President Reagan was criticized for the Gulf operation, partly because the rationale for a U.S. presence seemed based on spurious logic. But the president's luck persisted: the Europeans, under the auspices of the West European Union, boosted their own forces in the Gulf in the fall of 1987, and became an integral, though not integrated, component of the Western military presence; and the decision to shoot at Iranian ships and offshore oil platforms showed American resolve.

There can be no doubt that the deployment of American warships in the Gulf played a role in forcing Iran to end the war. But it would be unwise to read too many lessons into this operation. The circumstances and the environment were in many ways unique. The United States and Europe not only had common interests and goals, but the naval forces were deployable for long periods without having to use land bases, which thereby avoided generating friction with local Arab countries.

In other areas of the Middle East, the United States and Europe have significant policy differences. The Europeans believe the United States is overly protective of Israel and unwilling to put pressure on Israeli leaders to make the compromises necessary for peace. And while the Europeans share American hatred of terrorism, they feel the United States overstates the dangers and detaches the phenomenon from its broader causes. A common argument made by Europeans is that if the United States invested more heavily in resolving the Palestinian problem, many of the sources of Middle East terrorism would be contained. Thus, while the Gulf operations can be called "successful," they are not good paradigms for American-European "out of area" activity.

V

The escalation of the regional arms race received particular attention over the past year, especially the effective use of

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chemical weapons and surface-to-surface missiles (SSMs) by Iraq. New weapons proliferation is widespread throughout the region. There is no effective regime in place to control the flow of non-nuclear weapons from a myriad of external suppliers, and most of the recipients are united in their suspicions of efforts by outsiders to curb their military capabilities. But unless some way is found to control the arms race, chances are great that these new and deadly weapons will become part of the established arsenal of the region and will be used in combat with terrifying results.

Saudi Arabia has purchased an undisclosed number of Chinese "East Wind" surface-to-surface intermediate-range ballistic missiles which may be able to reach targets up to 1,800 miles away—putting Iran, Israel, India and the southern Soviet Union within range. They are technically capable of carrying nuclear warheads, though the Saudis have recently ratified the Nonproliferation Treaty. The Saudi decision was motivated by two factors: the spread of the Iran-Iraq War to include the Gulf states, and U.S. congressional refusal over the years to support Saudi requests for certain types of advanced combat aircraft. In addition, Saudi Arabia signed an agreement with Great Britain in July 1988, valued at approximately $20 billion, which involved the sale of some 50 additional Tornado fighter planes, along with other military aircraft and the construction of two new air bases.

Syria has about 36 new, operational Soviet SS-21 missiles. These are much more accurate than the Soviet Scud-Bs used in the Iran-Iraq War. Moreover, there is evidence that Syria is producing nerve gas in a facility located in the desert far to the north of Damascus. Syria could eventually fit nerve gas into submunitions (cluster warheads) for its SS-21s (accurate to within about 160 feet, according to U.S. estimates). Syria also possesses a number of advanced Soviet MiG-29 fighter aircraft.

Israel, in addition to its formidable inventory of long-range combat aircraft, has its own arsenal of missiles, including more than 160 U.S. Lance-SSMs, which have a range of over 60 miles. Israel has also developed a 400-mile-range missile, the Jericho II, and last year reportedly flight-tested a new version, which may have a range of close to 1,000 miles. This could reach targets inside the Soviet Union. In addition, on September 19, 1988, Israel succeeded in launching its first satellite into orbit using the Shavit II (Comet) rocket, believed to be a version of the Jericho II missile. Israel also continues an extensive nuclear

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weapons program and is reported to have its own chemical weapons facilities.

Israeli military planners worry about a scenario in which chemically armed Syrian missiles would strike Israeli airfields and bases in the early hours of a full-scale war, hindering Israeli mobilization. Israel has reportedly developed contingency plans to take out the Syrian chemical production capability, but this would mean a preemptive air strike which could trigger an all-out war with Syria—a dangerous scenario for both sides.

Egypt also has a growing missile capability combining foreign-supplied systems such as the Frog-7, Scud-B and Silkworm, and newly developed indigenous systems such as the Saqr-80 rocket, with an estimated range of 50 miles, and the Badr-2000 (under development with Argentina where the system is known as the Condor II), with an estimated range of 480 to 600 miles. This missile could serve as a potential counter to Israel's Jericho II. Egypt is believed to have been among those having assisted Iraq in modifying its Scud-Bs for longer range. Egypt is also reported to possess chemical weapons.

Iran used Scud-B missiles against Iraq during the "war of the cities" in the spring of 1988. Iran has an indigenous missile development program under way which includes the Oghab (Eagle), a short-range rocket, and the Chinese-assisted Iran-130 guided missile. In addition, Iran has acknowledged that it produces chemical weapons and has been accused of using them in the Iran-Iraq War.

Iraq has both an extensive ballistic missile capability on hand, in terms of Soviet-supplied missiles, and a growing ability to produce and modify existing ballistic missiles on its own. Apparently with the assistance of a number of countries, believed to include Egypt, East Germany and North Korea, Iraq succeeded in upgrading its Scud-Bs from their original range of 190 miles to as high as 540 miles. On November 19 Iraq tested an indigenous rudimentary antitactical ballistic missile named Al-Faw-1, declaring that this system was the answer to Israel's long-range missiles. Iraq also used chemical weapons in its war with Iran and against its Kurdish minority. Iraq's chemical weapons production capacity is believed to be among the most extensive in the Middle East.

Libya is negotiating with Brazil for the eventual delivery of SSMs that could have a range of over 600 miles—enough to hit targets in Israel, Greece and Italy. More important, Libya now possesses what U.S. analysts describe as the largest chemical

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weapons plant in the Third World. The government of Chad claims that Libya has already used chemical agents procured from Iran in its war with Chad. In addition, in December 1987 Muammar al-Qaddafi called for the development of an "Arab" nuclear weapons program.

Kuwait will soon receive $1.9 billion in U.S. military hardware including 40 F-18 fighter aircraft and advanced Maverick-G antiship missiles, under the foreign military sales program. Kuwait is also negotiating with France for the purchase of 40 Mirage-2000 fighter/bombers.

India flight-tested in February 1988 its own domestically produced SSM, the Prithvi, which is reported to have a range of 155 miles. Prime Minister Gandhi declared that the missile would be used "purely for defense purposes." India also has a sophisticated space and satellite launch program. India is on its way to a missile capability with a range sufficient to hit targets in China, the Soviet Union, the Middle East and beyond.

India is also intent on becoming a world-class naval power and extending its strategic reach. Indian military interventions in Sri Lanka in 1987 and in the Maldives in November 1988 are indicative of this capability and intention. In early 1988 India received "on loan" a Soviet nuclear-powered submarine. It intends to acquire more over the course of the next few years. According to a recent study by the Carnegie Endowment for International Peace, since 1974 when India detonated its first nuclear device, it has acquired enough fissionable material to fabricate 30 bombs a year. Finally, India maintains an impressive arsenal of fighter aircraft including MiG-23s, Jaguars, Mirage-2000s and 40 top-of-the-line Soviet MiG-29s.

Pakistan is well on the way to producing nuclear weapons and may already have stockpiled enough fissionable material for three bombs. Disclosures about India's growing military capabilities make it likely that Pakistan will probably press ahead with its nuclear program, irrespective of what the United States says or does. As a result of its close relationship with Washington since 1981, Pakistan has undergone a tremendous military modernization including the acquisition of 40 F-16 fighter aircraft and advanced Harpoon antiship missiles. In addition, Pakistan is likely to receive versions of the sophisticated U.S. AWACS surveillance aircraft.

To compensate for the potential spread of SSMs, countries in the Middle East and South Asia are examining ways to upgrade their air defense systems. Israel and the United States are

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cooperating on the development of an antitactical ballistic missile (ATBM). A new generation of highly sophisticated surface-to-air missiles may also find their way into the region to compensate for the new offensive capabilities, thus raising the qualitative arms race another notch.

VI

Both the United States and the Soviet Union have a clear interest in preventing local wars that could escalate and involve them on opposite sides. But do they share a common interest in brokering peace and reconciliation between Israel and the Arabs, or India and Pakistan? If they do, what compromises are they and their respective friends and clients prepared to make to secure lasting agreements?

These questions go to the heart of the new U.S.-Soviet dialogue and the hopes for an end to the cold war. They can only be addressed by U.S. policymakers if the Soviet military withdrawal from Afghanistan is completed in early 1989 and the Afghan problem ceases to dominate regional politics. So long as this problem is unresolved, Soviet motives will be suspect and future cooperation in doubt.

A Soviet withdrawal from Afghanistan on schedule, however, will further enhance Moscow's growing diplomatic credibility and generate goodwill, especially in the Muslim world. The practical implications are many but three stand out: full diplomatic relations with several key Arab states, especially Saudi Arabia; a possible Soviet role as an "honest broker" in the Indian-Pakistani conflict; and a legitimate claim to a role in resolving the Palestinian problem.

It will be a challenge for the Bush Administration's diplomatic skills to deal with initiatives by a more assertive and popular Soviet Union. If the United States is too casual about problems in the Middle East and South Asia while focusing on other trouble spots, the Soviet Union may indeed be able to undermine long-standing American diplomatic hegemony. Since President Bush is unlikely to allow this to happen, the net effect of new Soviet initiatives will be to pressure the administration to come up with new ideas of its own.

It is a sign of our times that the test of American friendship in so many parts of the world depends upon our willingness to sell or give away our high-technology military items. As a result, we face many policy contradictions. On one hand we stress the importance of regional arms limitations, but on the other hand

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we put great emphasis on preserving the military strength of our friends. Bush has expressed concern over the regional arms race, but he will need much help and patience if he wants to control it. For while the unregulated spread of advanced military technology into an area beset with traditional sources of conflict is inherently troubling—and the horrors of chemical warfare have become all too apparent—there is little agreement on policy solutions.

Consider, for instance, the new president's basic problem. He wants to put limits on the arms race, but banning and restricting the transfer and production of SSMs is difficult. The United States is currently a party to the Missile Technology Control Regime that was signed in April 1987 by the United States, United Kingdom, France, West Germany, Italy, Canada and Japan. Its purpose is to restrict the transfer of technologies and equipment that contribute to the development of unmanned nuclear delivery systems. But the major suppliers of SSMs to the region are the Soviet Union and China. They would have to be included in the regime if it were to have any teeth.

The United States has a long-standing bipartisan policy of keeping Israel ahead of all its neighbors in high-technology weapons, the so-called qualitative edge. If Israel is ever to be persuaded to withdraw from most of the West Bank, Gaza and the Golan Heights, that qualitative edge will become even more important.

The executive branch and Congress have different views on the wisdom of supplying certain types of advanced weapons to Arab countries that also face serious threats to their security. Israel's supporters in Congress have tried to stop the United States from selling items such as AWACS, advanced F-15 fighters and Stinger missiles to Arab countries. To persuade the Arab countries to slow down their procurement of weapons, when they believe they have a genuine need for them, is going to be difficult. At a minimum it would be helpful if the new administration and Congress could work out some agreement over Arab arms sales. There are several pending arms requests which could lead to damaging public brawls, including Saudi plans to replace its aging F-5 fleet and buy a large number of frontline battle tanks.

The chemical weapons problem is even tougher. During the Iran-Iraq War, the United States condemned Iraq for using such weapons, but at the same time supported massive Soviet, French and Chinese conventional arms sales to Iraq in order

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to prevent an Iranian victory. Iraq and many other Arab countries do not worry about chemical weapons as much as the West does. They remember that at various times during the Iran-Iraq War a frequently expressed sentiment in the West was that "the longer the war goes on, the better," provided, of course, that Western oil supplies were not disrupted and Western sensitivities were not shocked by film footage of gas attacks.

Underlying much of this Third World antipathy to Western moralizing about chemical weapons is the deep-seated belief that the United States is highly selective in its outrage. Furthermore, the fact that these weapons are cheap and effective and that Israel is particularly worried about them is cause for Arab satisfaction. For instance, in July 1988 the former head of Egypt's chemical warfare department argued that the Arabs must develop an "ultraconventional force," including chemical and biological weapons. It is viewed as one small step in redressing the most important asymmetry in the Arab-Israeli balance—Israel's nuclear weapons.

The nuclear question and inconsistencies in U.S. policy on nonproliferation are key components of the arms control dilemma. America is concerned about Pakistan's emerging nuclear capability but won't cut off military aid, and no one in Congress or the administration will discuss Israel's nuclear program. To expect the Arabs to give up or put restrictions on the very categories of technology which trouble Israel, without any effort to place limits on Israel's missiles and nuclear devices, is unrealistic.

In the absence of full-fledged peace treaties, is there anything the United States can do to stop chemical weapons and missile proliferation? If the objective is to "ban" these items, it will not happen; there are too many suppliers, and verification is too difficult. The first task is to face up to the inconsistent policies. It will be difficult to continue a policy which has stressed strategic cooperation, an enhanced military intervention capability and arms transfers, and then expect to be taken seriously when advocating highly selective weapons restraints.

Since the production and use of chemical weapons is a serious problem and getting worse, efforts must be made to address it. This will not be an easy task. In January 1989 at a U.N. conference on chemical weapons in Paris, a declaration was issued that reaffirmed a 1925 convention banning the use of poison gas and other chemical weapons. But the declaration

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stopped short of endorsing new export controls and referred only indirectly to the possible use of sanctions against nations using chemical weapons. Currently there is no international agreement that bars the production and stockpiling of chemical weapons, and the prospects for such an agreement appear slim.

If multilateral agreements to prevent the diffusion of these capabilities are impractical, ways must be found to cope with chemical weapons using passive and active countermeasures. U.S.-Israeli cooperation on antitactical ballistic missiles is a sensible insurance against arms control failures. If such defensive technologies work, the United States might encourage ATBM proliferation, though this course is not without risks.

The United States should also try to reach an "understanding" with the Soviet Union, Israel and key Arab friends about constraints on the numbers and quality of SSM deployments. In exchange for an agreement by Israel not to deploy missiles that can reach the Soviet Union, the Soviet Union might agree to limits on SSM transfers to its Arab clients, notably Syria. It might also work with the United States to limit Chinese transfers. This will not stop missile proliferation and it will not stop the overall arms race, but it is better than open-ended competition and could become a building block for conflict resolution.

Finally, while the immediate issues facing the Bush Administration in the Middle East could become overwhelming, it is important for the president not to lose sight of the longer-term trends in the region which are influencing American policy and the prospects for war and peace. The combined effects of demography and environmental disasters will have enormous political and economic consequences in the years ahead. Expanding populations and diminishing oil revenues could mean instability, poverty and the violent overthrow of regimes. Expanding populations and increasing oil prices could put the United States in a more vulnerable position than any time since the late 1970s. Anticipating these socioeconomic trends correctly and structuring policy accordingly while coping with the day-to-day chaos of the region will require adroit skills.

New presidents, with the exception of Jimmy Carter, rarely want to put the Middle East at the top of their agendas. There are no understandings with these states that commit the president and the secretary of state to regular summit or ministerial meetings, unlike the U.S. relationships with Canada, Europe, Japan and, to some extent, Southeast Asia and Latin America. There is no equivalent, for instance, of the annual economic

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summits which assure close and frequent dialogue with America's key economic partners.

Yet historically the region has forced itself upon the attention of the White House early in each president's term. When Ronald Reagan assumed power in 1981 he intended to focus on curbing inflation, cutting taxes and raising the defense budget. But within his first ten months Reagan had to address the Syrian missile crisis in Lebanon, the Israeli bombing of Iraq's nuclear reactor, the fight over the sale of AWACS aircraft to Saudi Arabia and the assassination of Egyptian President Anwar al-Sadat.

The presumption is that George Bush will want to put domestic issues ahead of foreign ones. He has to attend to the economy, and unlike Reagan, his job is to cut the defense budget, not raise it. But one can safely predict that President Bush will have to address several thorny international problems early on in his first year. The most serious challenges he faces have their origins in long-standing regional conflicts. Some may remain in limbo, but others if left unresolved could lead to catastrophe.

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John A. Marcum

AFRICA: A CONTINENT ADRIFT

For Africa, this decade has been a period of ominous economic, social and environmental decline. In 1980 depressed world commodity prices, declining agricultural production, ravaging drought and desertification, rising external debt, and both civil and interstate warfare portended continent-wide disaster. Throughout the 1980s per capita income fell from a level already the lowest in two decades. Decreasing financial reserves forced cuts in vital imports, including an eight-percent cut in 1987 alone. As the value of African exports continued to fall, from $57 billion in 1980 to $32 billion in 1986, one African statesman, the former Nigerian head of state General Olusegun Obasanjo, warned that Africa was falling into a state of "dereliction and decay."

Yet Africa remained low on the list of American foreign policy concerns. During the Reagan presidency Washington officials spoke of Africa as "a continent of great promise" with which the United States was effectively interacting on both economic and diplomatic fronts.[1] The somber reality was that human conditions in Africa were continuing to deteriorate, despite a U.N.-sponsored recovery plan (1986–1990) under which many African states were undertaking unpopular structural reforms and austerity measures.

U.N. Secretary-General Javier Pérez de Cuéllar lamented the failure of industrialized donor states to respond to African reforms with increased assistance, saying that it was leading Africa "not to recovery and development but to drift and stagnation, if not a chronic state of crisis."[2] Even in gold-rich South Africa, where the persistence of apartheid was a principal

[1] See address by Secretary of State George P. Shultz to Organization of African Unity gathering, New York City, Oct. 4, 1988.

[2] See report of the secretary-general in the mid-term review of the United Nations Programme of Action for African Economic Recovery and Development 1986–1988, A/43/150, Aug. 10, 1988, and *Los Angeles Times*, Sept. 19, 1988.

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focus of the administration's Africa policy, economic conditions were worsening, exacerbated by the intensifying racial polarity.

On the other hand, Africa was approaching its fourth decade of independence with some plausible grounds for hope and avenues of opportunity. In southern Africa an agreement for the military disengagement of Cuban and South African forces from Angola and Namibia, respectively, held the possibility of converting this area of devastating conflict into an engine for development in the region. In West Africa, at an October 1988 Africa Leadership Forum convened by Nigeria's Obasanjo, he and other Africans presented tough, perceptive and prescriptive analyses aimed at deepening and expanding their commitment to disciplined recovery and development efforts.

For the first time since the rise of African nationalism after World War II, there was reason to believe that Africa's internal efforts might not be distracted by East-West confrontation. A tentative relaxation in superpower tensions, if confirmed by full military disengagement from Afghanistan and Angola, could result in a less divisive, if not more generous, international climate. African needs and issues might then at least compete for international consideration on their merits rather than on their relevance to a zero-sum cold war.

II

Despite Africa's stark socioeconomic crisis, it was instead the perceived threat of Soviet expansionism in Angola, Mozambique and Ethiopia, and domestic political pressure on the issue of apartheid in South Africa, which commanded Washington's attention. These concerns seemed to pose a more immediate challenge to American interests. From the time he assumed office in 1981, Assistant Secretary of State for African Affairs Chester A. Crocker focused his energies on two objectives: reducing Soviet/Cuban influence and cross-border conflict in southern Africa, and encouraging liberalization of the oppressive racial and political order in South Africa.

The Africa policies of the Carter Administration were dismissed as ineffectual, even though it was on Jimmy Carter's "watch" that Zimbabwe had achieved independence and South Africa had endorsed but not yet implemented a U.N. formula (Security Council Resolution 435) for Namibian independence. Assistant Secretary Crocker believed that softer language, expanded economic and cultural ties, and diplomatic suasion could nudge South Africa toward regional accommodation and

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internal reform. He first tested this concept of "constructive engagement" on the issue of Namibia.

In mid-1981 the United States broke ranks with other members of a Contact Group (Britain, Canada, France, West Germany) that had been seeking to persuade Pretoria to implement Resolution 435. Judging that multilateral approach to have failed, it unilaterally proposed, and South Africa readily accepted, the idea of linking the withdrawal of South African forces from Namibia to a parallel withdrawal of Cuban forces from Angola. Washington thereby dismantled collective Western diplomatic pressure on Pretoria and provided the issue of Cuban troops as a rationale for a prolonged South African military presence in Namibia.

The United States, alone among the world powers, had not recognized the MPLA (Popular Movement for the Liberation of Angola) government that emerged from a violent power struggle following the collapse of Portuguese rule in 1975. A Cuban expeditionary force and Soviet arms had played a crucial role in the victory of the Marxist MPLA over rival movements supported by the United States and South Africa. Despite initial postindependence zealotry and dogmatism, however, the MPLA government pragmatically came to terms with American and other Western oil firms exploiting the country's considerable petroleum reserves, and Cuban forces began to withdraw as early as April 1976. As this withdrawal proceeded, the Carter Administration missed an opportunity in early 1977 to accord relatively uncontroversial recognition to the government. Soon after, the exodus of Cuban troops was ended, and reversed, because of overflights of South African aircraft and mounting antigovernment insurgency. The South African Defense Force (SADF) had helped to reorganize, train and equip remnants of the rival movement UNITA (National Union for the Total Independence of Angola), which had regrouped in Angola's southeastern savanna. Led by a formidable, longtime adversary of the MPLA, Jonas Savimbi, whose political roots were in populous and ethnically Ovimbundu central Angola, UNITA's deadly hit-and-run insurgency gradually expanded northward across the Benguela railroad corridor and throughout much of eastern and central Angola.

UNITA's anticommunist stance earned the assistance of Morocco, Saudi Arabia and other Gulf states, as well as South Africa. By mid-1986 South Africa's assistance alone reportedly

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totaled about $1 billion.[3] The dramatic success of UNITA's guerrilla strategy prompted Cuba and the Soviet Union to ratchet up their assistance to beleaguered Angolan government forces. This, in turn, galvanized sympathy for UNITA among conservative, anticommunist groups in the United States. UNITA became an obvious candidate for Reagan Doctrine assistance to "freedom fighters" opposing governments perceived to be Soviet-imposed. The doctrine's thesis was that relatively small amounts of aid to groups such as UNITA could, at low risk, raise the cost of and ultimately reverse Soviet expansionism of the late Brezhnev years.

As a political chameleon of passing persuasion but steady ambition, Savimbi feted foreign journalists and political leaders at his headquarters in Jamba near the Namibian border. Described by visitors as a charismatic strategist and democrat, Savimbi made a high-profile entry onto the Washington stage in early 1986. He met with President Reagan and other top executive and congressional leaders, publicized his case in a well-orchestrated media campaign and obtained a promise of substantial military help. The 1976 Clark Amendment, which banned such aid to Angolan groups, had been repealed in 1985. By mid-1986 UNITA's defenses against sophisticated Soviet weaponry were being strengthened by officially acknowledged "covert" aid, reportedly including Stinger antiaircraft and TOW antitank missiles.

This new thrust in American policy was intended to force the MPLA to negotiate a political settlement with Savimbi, thereby eliminating the excuse for Cuban troops in Angola. Most European observers feared that American intervention would have the contrary effect of closing the door to a negotiated settlement and the departure of the 35,000 Cuban troops.[4] In the event, neither the intent nor the fear would test out before the political and strategic realities of southern Africa were altered by three intervening factors: (1) the cumulative ravages and exhaustion of unwinnable war; (2) the "new thinking" that reoriented Soviet diplomacy; and (3) the overextension and retrenchment of South African military power.

III

Afflicted by over a quarter-century of anticolonial and internal conflict, Angola was facing disaster by the late 1980s. Its

[3] *Los Angeles Times*, Sept. 16, 1988.
[4] For example, *L'Express* (Paris), Feb. 24, 1986.

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oil revenues (about $2 billion annually) were not enough to pay for billions of dollars' worth of Soviet military equipment, support thousands of Cuban soldiers and technicians and rebuild a ruined economy subject to continuing destruction. The statistics were grim. Since 1975 nearly half of Angola's approximately eight million people had been uprooted. Land mines created tens of thousands of amputees, and hundreds of thousands took refuge in adjoining countries. UNICEF estimated that 55,000 children under the age of five died from violence-related causes in 1986 alone.[5] Angola was being consumed by war, a war to which the United States was now contributing.

In 1985 and again in 1987 the MPLA government and its Soviet and Cuban guarantors sought a definitive military solution by means of massive, tank-led offensives designed to capture UNITA's southeastern redoubt and its "capital," Jamba. These slow, easily targeted offensives were meant to destroy UNITA's communications and supply links to Namibia/South Africa. In each case, the intervention of South African air, artillery and surrogate ground forces (the 32 Battalion—white-officered Angolan dissidents) helped UNITA blunt the attacks, but at serious human and material cost to both sides. After the second offensive the MPLA was left with a badly pummeled army and thinly stretched Cuban rearguard forces facing a seemingly endless attritional guerrilla insurgency.[6] The enormity of the human suffering and physical destruction disposed even the most war-calloused leadership within the MPLA to become more receptive to the notion of an externally brokered regional settlement.

An agreement that resulted in the withdrawal of Cuban and South African forces from Angola and Namibia would presumably deprive UNITA of its primary source of external support. The MPLA rejected as unnecessary all suggestions that it negotiate with UNITA's Jonas Savimbi, possibly overestimating the extent to which South African involvement was accountable for UNITA's success. Critics suspected that the MPLA might be a victim of its own propaganda, according to which UNITA was little more than a creature of the SADF. The Luanda government seemed unable to accept that to some extent UNITA was a political beneficiary of the MPLA's failure to reach beyond its

[5] See U.S. Committee on Refugees, *Uprooted Angolans: From Crisis to Catastrophe*, Washington, D.C.: August 1987; *Washington Post*, Aug. 30, 1987.

[6] See John A. Marcum, "Regional Security in Southern Africa: Angola," *Survival* (London), January-February 1988.

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own traditional urban and northern strongholds to less-educated, rural and religious communities, whose support was essential to national unity. MPLA leaders wanted to believe that if UNITA could be deprived of its Namibian logistical hinterland, its second-echelon leadership would become receptive to offers of individual amnesty and the movement would fade away.

Under Mikhail Gorbachev, the Soviet Union's willingness to pay the price of a protective, privileged relationship with a destitute client in faraway southwestern Africa came increasingly into question. It knew that American leadership was still smarting over what was widely, albeit simplistically, viewed as the humiliating "loss" of Angola in 1975 to Soviet domination. Angola had come to symbolize the end of détente. As Moscow's policymakers came to acknowledge the extent to which regional confrontations had poisoned U.S.-Soviet relations, they became more interested in regional disengagement. Informed by the sobering experience of working with a government whose "socialist orientation" was not buttressed by the educated cadres, economic infrastructure or national cohesion necessary to realize its aims, and absorbed by the exigencies of perestroika at home, Soviet authorities became less enthusiastic about pouring additional billions of dollars of scarce resources into a distant military entanglement. Soviet Deputy Foreign Minister Anatoly L. Adamishin and Assistant Secretary Crocker became active interlocutors in the search for a way out.

The shift in South Africa's policy was equally sharp and important, though some feared ephemeral. Skeptics doubted that South Africa's shift represented more than a tactical maneuver, just as some distrusted Moscow's "new thinking." The ruling National Party in South Africa must have been uneasy that the rising, extreme right-wing Conservative Party would capitalize electorally on any moves it made to withdraw from Namibia. But there was reason to believe that the shift, however tentative and grudging, reflected new power realities in southern Africa. South Africa had extended its military projection beyond sustainable limits and was finding it prudent to step back.

Twice the United States had encouraged South Africa to overextend itself, according to official South African sources: first in 1975 when Secretary of State Henry Kissinger allegedly urged it to intervene in support of UNITA and other anti-MPLA forces, and again in the mid-1980s when Director of Central

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Intelligence William Casey and private conservative groups in Washington supported its second engagement with UNITA. In both instances Cuban forces were the immediate cause of South Africa's undoing.

In its September-October 1987 intervention South Africa's formidable long-range artillery, airforce and surrogate ground forces were successful in smashing the MPLA's lumbering, Soviet-designed, motorized offensive at Mavinga, north of Jamba. The South Africans pressed on to join UNITA forces in laying siege to Cuito Cuanavale, where shattered MPLA units had taken refuge. Savoring their Mavinga victory, albeit with unease over small but politically sensitive white conscript casualties, South African officials reacted with seeming scorn when Mr. Crocker announced in early 1988 that he had managed to obtain the Angolan government's formal acceptance of the principle of a total Cuban troop withdrawal, and on a speedier timetable than had previously seemed possible, in return for South African implementation of U.N. Resolution 435.

Some journalists wrote that because South Africa had altered the "military equation" in Angola, the most a Cuban withdrawal might produce would be a South African withdrawal from Angola, not Namibia.[7] President P. W. Botha publicly speculated that Cuba was contemplating the withdrawal of its forces without a Namibian settlement. Expressing doubt that Crocker had contributed to this promising situation, Botha credited South African military power, claimed that the Soviets had become "frustrated" and were "shopping" for a compromise, and declared that South Africa had no intention of leaving Angola "until the Cubans leave."[8] In Washington, analysts at the Defense Intelligence Agency, long critical of Crocker's greater enthusiasm for negotiations than for military support for UNITA, were speculating that the imminent fall of Cuito Cuanavale might lead to the surrender of other provincial capitals and even UNITA's triumphal entry into Luanda.

As it had since the late 1970s, the South African/UNITA military success led to military escalation. Early in 1988 Cuba sent 10,000 to 15,000 new combat troops to Angola, raising its military presence to approximately 50,000. In addition to reinforcing besieged Cuito Cuanavale, the Cubans seized the initiative and did what the MPLA had long wanted them to do:

[7] Peter Younghusband in *The Washington Times*, Mar. 17, 1988.
[8] Arnaud de Borchgrave interview with P. W. Botha, *The Washington Times*, Mar. 14, 1988.

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they moved south toward the Namibian border. As its artillery mired down in rainy season mud outside Cuito Cuanavale, SADF suffered new white casualties and lost at least two Cheetah fighter planes—a serious loss because perhaps only 12 planes were operational and the international arms embargo dating back to 1963 made replacing aircraft difficult. Angolan MiG-23s flying from new bases at Cahama and Xangongo gained air supremacy over southwestern Angola, a dozen white South African soldiers were killed near Calueque Dam on the border, and Angolan aircraft overflew South African military facilities in Ovamboland in Namibia.

South Africa confronted the prospect of greater human and material losses if it undertook an assault on Cuito Cuanavale or attempted to press Cuban forces back from the border. SADF could no longer range freely through southern Angola to accomplish its other mission, to search and destroy guerrilla units of the nationalist South West African People's Organization (SWAPO) seeking to infiltrate into and liberate Namibia. By mid-1988 South African military leaders knew that the new Cuban presence along Namibia's northern border, unless removed by negotiations, would likely translate into increased external support for SWAPO and related encounters with Angolan or Cuban forces.

Suddenly it was a Cuban-imposed "military equation" that was concentrating South African minds. If Pretoria implemented Resolution 435 it would lose the Caprivi Strip base complex that had given SADF striking power into the heart of southern Africa. It would receive an embarrassing influx of angry emigrants from among Namibia's white minority of approximately 90,000, who would attempt to stir political passions in South Africa as Algeria's *pieds noires* had done in France in 1962. The Conservative Party was poised to exploit the occasion. On the other hand, the African National Congress (ANC) would lose its training bases in Angola, and South Africa would retain control of the vital railhead and port of Walvis Bay and thus the capacity to intervene quickly to thwart any hostile thrust from SWAPO-governed Namibian territory.

In Pretoria the influence of the military was giving way to that of the Foreign Office, as the government seemed to recognize the geopolitical limits of its power. After new rounds of U.S.-brokered diplomatic discussions, in August 1988 several thousand South African troops extricated themselves from

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Cuito Cuanavale and made an orderly withdrawal back across the Namibian border.

IV

Circumstances having become propitious, Chester Crocker's persistence paid off. Beginning in May with U.S.-mediated talks between South Africa, Angola and Cuba in London, and subsequent meetings in Cairo, New York, Geneva and Brazzaville, the terms of a regional settlement were systematically hammered out. They culminated in the signing of formal agreements on December 22 setting forth the steps and timetable for implementation of Resolution 435 and the departure of Cuban forces from Angola. Cuban troops are to leave over a period of 27 months, with an initial cohort of 3,000 out of 50,000 to leave by April 1, 1989. Namibia's transition to independence is to begin on that same date. A U.N. peacekeeping force of up to 9,000 soldiers, police and administrators costing up to $700 million will move into Namibia as South Africa reduces its troop strength from some 50,000 to 1,500 by July 1. Preparations will then proceed for the election of a constituent assembly based on proportional representation on November 1. Following the assembly's adoption of a constitution, Namibia is slated to gain independence.

Meanwhile, Cuban forces are scheduled to withdraw northward: to 200 miles from the Namibian border by August and then to the 13th parallel above the Benguela railroad by November. By that time, half of Cuba's 50,000 troops should have left the country. The remainder of Cuban forces will leave by stages to be completed by July 1, 1991. Critics of the agreement argue that as of April 1989 South Africa's departure from Namibia will be irreversible, whereas Cuba could halt its withdrawal at any time. Excluded from the settlement, UNITA would be left vulnerable to a Cuban-backed MPLA offensive designed to wipe it out. However, the failure of Cuba and the Soviet Union to support a 1988 dry season assault on UNITA and reports of an informal Cuban-UNITA agreement not to attack each other's forces suggest that the MPLA might not be supported in such action. Continued improvement in Soviet-American relations may depend on the laboriously negotiated regional settlement's not being wrecked on the shoals of Angola's internal conflict.

Angola's quest for peace clearly depends on reaching an internal political settlement. Once Cuban and South African

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forces are removed from the region, American officials reason, "pressures for political settlement between the MPLA regime of [President] José Eduardo dos Santos and Mr. Savimbi's UNITA movement will become inexorable."[9] They have also indicated that the United States will not establish diplomatic relations with the Luanda government or stop blocking its membership in the World Bank and International Monetary Fund until it has come to terms with UNITA. But the dos Santos government has continued strongly to resist having to deal with Savimbi, whom it fears politically and holds personally responsible for alleged UNITA collaboration with Portuguese military officials in the early 1970s and subsequently with the South African military beginning in 1975.

The potential for an internal settlement is complicated by continuing, congressionally supported U.S. aid to UNITA, which could also become a major stumbling block to the implementation of Cuban troop withdrawal. The U.S. aid factor has grown in importance as the UNITA insurgency has shifted northward away from its original South African umbilical cord to regions within reach of an American lifeline via Zaïre. On January 6, in advance of his inauguration, President-elect George Bush wrote Savimbi promising to continue "all appropriate and effective assistance" until realization of a negotiated "national reconciliation." In what a January 12 *Washington Post* story called Bush's "first foreign policy commitment," he pledged his support to the man UNITA radio refers to as "supreme guide, Comrade President Dr. [Savimbi]." A Bush aide described this support as meaning continued covert military help valued at about $15 million annually, which the incoming administration views as having helped bring about the accords of December 22, as well as support for African diplomatic efforts. It will not be easy for the White House or the State Department to extricate the United States from this commitment, which could perpetuate civil war unless African diplomacy prevails over MPLA and UNITA rigidities.

A powerful congressional alignment led by Senator Dennis DeConcini (D-Ariz.) threatened in October to deny $150 million in essential U.S. funding for the U.N. 435 peacekeeping function (including the monitoring of Cuban troop withdrawal over some 27 months) unless UNITA's inclusion within a settle-

[9] Herman W. Nickel, U.S. ambassador to South Africa from 1982 to 1986, in *The Wall Street Journal*, Nov. 25, 1988.

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ment was assured. Combined African, Soviet and American pressure and cajoling in favor of national reconciliation of an imaginative kind is needed to overcome the Savimbi factor. Discussion has centered around such formulas as an MPLA offer of a coalition government if Savimbi would "volunteer" to step aside. Perhaps most promising are the efforts of African states to persuade the Luanda government to join in reconciliation talks with UNITA. The heads of state of Nigeria, Morocco, the Ivory Coast and Kenya, among others, have offered their good offices. But at year's end, in a move likely to reinforce MPLA reluctance to negotiate, the Frontline States collectively urged the incoming Bush Administration to discontinue U.S. support for UNITA "bandits." With the likely continuation of both U.S. aid for UNITA and (possibly reduced) Soviet support for the MPLA, however, stalemated civil war and de facto partition loom as a possible outcome.

As for Namibia, it faces an unpromising independence, reliant on mineral wealth of declining value, depleted fisheries and arid agriculture. A rudimentary, racially segregated educational system imposed by South Africa has left its population ill prepared. The country will be vulnerable to social upheaval as thousands of war-brutalized soldiers of the internal South-West Africa Territorial Force and the external SWAPO guerrilla army are demobilized. Thousands of Namibians studying in Cuba, the Soviet Union and elsewhere will also have to be integrated back into local society. A widely predicted victory for SWAPO in the November 1, 1989, elections is less likely to produce the hardline Marxist government feared by some than a fragile, inexperienced government in dire need of international assistance.

Above all, the UNITA issue dramatized how vulnerable to derailment a tortuously negotiated agreement might be even after implementation has begun.[10] Yet, however pitted and detouring the road, a grudging, fitful regional retrenchment by an overextended South Africa appeared to be under way at year's end.

V

In another example of regional retrenchment, in mid-1988 President Botha engaged in a flurry of jet diplomacy with

[10] See Gillian Gunn, "A Guide to the Intricacies of the Angola-Namibia Negotiations," *CSIS Africa Notes*, September 1988.

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Mozambique, emulating John Vorster's visits to distant African capitals a decade and a half earlier. The time when Pretoria's legions could lay waste its neighbors at little short-term cost was ebbing.

Reduced to chaos by drought, administrative incapacity, political disaffection and South African-nourished rebellion, Mozambique had signed the U.S.-encouraged Nkomati agreement with South Africa in 1984 under which it expelled militants of the ANC in return for Pretoria's pledge to discontinue its destabilization policy against the hard-pressed, socialist-oriented but increasingly pragmatic government of FRELIMO, the Mozambique Liberation Front. But the Mozambique National Resistance (RENAMO) continued its scorched-earth devastation, though it became largely self-propelled. Mozambique turned to the West for help amid what seemed like expressions of embarrassed relief in Moscow, heretofore FRELIMO's principal but parsimonious benefactor. Military units from neighboring Zimbabwe, Tanzania and Malawi attempted to restore control over vital transport routes, and British trainers and Italian equipment began to help rebuild the army. The Reagan Administration dropped its earlier hostility and in 1983–84 joined in providing modest food and technical assistance.

Despite this assistance, the Maputo government could not end the chaos. But one of the causes of its trauma, South African complicity in the RENAMO rebellion, seemed on the wane. In mid-1988 Pretoria initiated bilateral talks designed to resuscitate the largely lapsed Nkomati agreement, pledged to discontinue any residual support to RENAMO insurgents and promised technical and security assistance to permit the transmission and sale of electrical power from Mozambique's Cabora Bassa dam on the Zambezi River to South Africa. A successful meeting between Presidents Botha and Joaquim Chissano at Cabora Bassa in September appeared to undercut lingering pressure from zealous Reagan Doctrine enthusiasts in Washington to assist the "anticommunist" RENAMO. Even more important to the debate in Washington over whether to aid that group was a compelling report released by the State Department, which held RENAMO responsible for vast destruction and the deaths of some 100,000 civilians.[11] As Mozam-

[11] Report by Robert Gersony, "Summary of Mozambican Refugee Accounts of Principally Conflict-Related Experience in Mozambique," April 1988.

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bique's plight commanded increasing international concern and Western assistance, South African policymakers had to reckon that renewed support for attritional destabilization would bring them into collision with the West.

Seeking to offset military retrenchment with diplomatic outreach, President Botha also flew to Malawi, Zaïre and the Ivory Coast in September-October 1988. While they seemed to provide South Africa with an ephemeral measure of external acceptance, his visits were not reciprocated and the Frontline leadership of Botswana, Tanzania, Zambia and Zimbabwe did not receive him.

In Zimbabwe, one of the few countries where agricultural production has remained strong, the ruling ZANU (Zimbabwe African National Union) and the opposition ZAPU (Zimbabwe African People's Union) achieved a political reconciliation in 1988. These longtime political rivals merged, advancing Prime Minister Robert Mugabe's goal of a one-party state by 1990. The reconciliation also diminished South Africa's opportunities for political destabilization in this key Frontline State. Although South Africa used such tactics less frequently in 1988, South African soldiers raided an alleged ANC headquarters in Botswana in late March, killing four.

Regional dependence on and vulnerability to South Africa will be further decreased if Angola reaches an internal settlement and the troop withdrawal proceeds. It will open the way for reconstruction and use of the Benguela railroad, enabling Zambia and Zaïre to redirect mineral exports away from South African transport routes and ports. Also, Angola could then use its petroleum wealth to relaunch what was previously developing as a rich and diverse economy based on coffee, maize, diamonds, iron and food-processing.

VI

The second goal of "constructive engagement" was to facilitate and hasten racial and political reform within South Africa. During the early years of the Reagan Administration, P. W. Botha promulgated a series of reforms eliminating pass laws, the ban on mixed marriages and group restrictions on university admissions. As it gained momentum, the reform agenda raised expectations and catalyzed a feverish growth of black political organizations, including trade unions, student movements and community volunteer groups. But reform did not extend to such essentials of apartheid as the Group Areas Act,

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separate homeland citizenship and denial of the franchise to blacks at the national level. The gap between what the National Party and black political leadership considered a reasonable process, scope and pace of reform led to frustration, despair and accelerating violence. As South Africa's townships erupted, the government responded with armored troop carriers and tear gas, and millions of American television viewers found themselves caught up in South Africa's racial drama.

The Free South Africa Movement burst onto the American scene in the wake of President Reagan's reelection in 1984. Rejecting "constructive engagement" as failed appeasement, antiapartheid activists campaigned for divestment, disinvestment, consumer boycotts and, ultimately, national trade sanctions, all of which culminated in a 1986 Comprehensive Anti-Apartheid Act adopted by Congress over the president's veto. Interviews with both advocates and opponents of such measures revealed more concern for being on the "right side" of the issue than for strategic and realistic thinking about how best to facilitate fundamental reform at tolerable cost.[12]

The sanctions passed by Congress were limited and inexpensive. They banned a range of South African imports (excluding strategic minerals) and terminated landing rights for South African Airways in the United States. Most important, they marked a downturn in U.S.-South African relations, underscored by the January 1987 report of an independent, presidentially appointed advisory committee on U.S. policy toward South Africa. The report concluded that circumstances in South Africa had "moved in a direction sharply at odds with the hopes and expectations of the architects" of American policy.[13]

Bitter and defiant, the South African government severely restricted foreign news media and restored order in the townships by using the police, army and a succession of "states of emergency." The National Party government professed a continuing belief that the 5-to-1 black majority should be incorporated into economic and political structures of the country. But it was unable to persuade credible black leadership to endorse or participate in limited, unilaterally dispensed "power

[12] See results of interviewing by David Hauck and Shelley Green in Peter Berger and Bobby Godsell, eds., *A Future South Africa: Visions, Strategies and Realities*, Cape Town: Human and Rousseau, 1988, pp. 245–249.

[13] *The Report of the Secretary of State's Advisory Committee on South Africa*, Washington, D.C., January 1987.

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sharing." It persisted in efforts to crush "radical opposition" such as the pluralistic United Democratic Front and the underground, exiled ANC, which demand a universal political franchise. Its determination to crush this opposition was dramatized by a three-year treason trial of UDF and other black leaders. Four defendants were found guilty of treason; in December 1988 they were sentenced to prison, but this verdict made their crimes of antiapartheid advocacy and "hostile intent" legally punishable by hanging. If these were the consequences of mere dissent, *The New York Times* asked, "what course remains open *but* revolution?"[14] In late 1988 South Africa's best-known political prisoner, the ill and aging Nelson Mandela, was shifted to a relatively comfortable confinement—but with little or no prospect of political freedom.

Pretoria appears locked into a policy of coerce and co-opt, hoping to gain local black support, or at least quiescence, by means of socioeconomic programs of improved housing, education and social services. The aim is to buy time to persuade appreciable numbers of blacks to accept a modified apartheid system incorporating limited local self-government in a patchwork of political entities reminiscent of the Holy Roman Empire. Leaving aside the question of whether economic well-being and political equity can be achieved in a framework of enduring separation, carrying out this policy depends on the availability of massive financial resources.

Although the South African economy is based on gold, diamonds and strategic minerals, which have been exempted from sanctions and are easily transported, it has proved vulnerable to external trade sanctions and a related loss of investor confidence. Over the past decade South Africa's population has grown at a faster rate than its economy—3.6 percent versus 1.3 percent, according to some estimates. Gross national product is currently growing at about 2.5 percent annually, well below the five percent needed to meet job demand. Unemployment within the economically active black population is already 30 to 40 percent and is expected to reach 50 to 60 percent within 15 years.

The prospects for an improving economy are not good, given the current situation: a depreciated currency, a 14-percent inflation rate, some $12 billion in external debt payments due in 1990–91 and a $5-billion net capital outflow since 1986.

[14] *The New York Times*, Nov. 26, 1988.

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From the time of the Soweto uprising in 1976, South Africa has been a net exporter of capital, unable to attract new financial and technological investment crucial to growth and its co-optation strategy. Nothing short of fundamental political change is likely to alter these impediments to the economy's long-term health.

Compounding the economic difficulties is the right-wing backlash against the National Party's haphazard moves to reduce racial discrimination and introduce controlled power sharing. The Conservative Party, pledged to return to pure Verwoerdian apartheid, replaced the liberal Progressive Federal Party as the official opposition in parliament after the March 1988 elections. In municipal elections in October Conservatives won 60 percent of the seats on Transvaal city councils and promptly moved to reintroduce petty apartheid segregation in cities such as Boksburg. While the Conservative Party enjoys a heady sense of growing power, a brain drain of liberal professionals steadily carries away vital skilled manpower (half of the country's medical school graduates emigrate), and black labor and consumers try desperately to organize countervailing pressure. The Conservatives demand "self-determination" for South Africa's five million whites, which means partition of the country by whites. The more extreme, paramilitary Afrikaner Resistance Movement (AWB) with an estimated 5,000 to 9,000 members and hundreds of thousands of supporters and tacit sympathizers, is fanning a mystical, xenophobic Afrikaner nationalism. Believed to have a strong covert following among government employees, notably the police, the AWB poses a threat of violent resistance to any reform program seen as undermining continued white domination.

As the 1980s end, South Africa confronts an inexorable logic. A coercively fragmented and stratified state of five million white citizens dominating some 28 million "others" cannot hope to achieve and sustain healthy economic development. It cannot do so even if it stops expending huge sums administering and defending Namibia (over $1 billion a year), aiding UNITA (some $250 million a year), dispatching expeditionary forces, supporting surrogate armies and mounting "preemptive strikes" against presumed ANC facilities in neighboring countries. But it is no less evident that the fundamental reform required will remain beyond reach so long as right-wing reaction paralyzes the state. A specter of near-term stale-

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mate and long-term isolation, violence and decay haunt South Africa's future.

In late 1987 Secretary Shultz and Assistant Secretary Crocker acknowledged their "frustration" at the "grim realities," and a "debilitating pessimism" concerning prospects for the construction of a democratic South Africa. Arguing that the 1986 sanctions, which they had opposed, had served to arrest "meaningful reform" and abet a cycle of violence and counterviolence, they also acknowledged that Americans were deeply divided over how to approach a seemingly intractable tragedy. Crocker decried an "adolescent tendency" among South Africans of all persuasions "alternately to cultivate or scapegoat" foreigners and, speaking with the sobered voice of experience, mused: "we know now—more than ever—that the fate of South Africa is not in our hands."[15]

Implicitly recognizing this impasse, George Bush proposed during his presidential campaign that efforts to "compel" change in South Africa with more "unilateral" sanctions be forgone in favor of "a more effective diplomatic strategy" focused on active "multilateral" coordination with Europe and Japan. "In my administration," he averred, "the first thing I will do is meet with the heads of state of other Western countries to work out a united Western position on South Africa." Such a position would be premised on a need for "fundamental political change" and a recognition that "racial conflict in South Africa would be a catastrophe for all concerned." The style, if not the content, was in contrast with the years of apparent Reagan indifference to apartheid and multilateralism. Candidate George Bush also called for an expansion of government and private initiatives "to help black South Africans in areas such as housing, education and training."[16]

A combination of coordinated international pressure and black empowerment initiatives, if given substance and focus, might in fact improve chances for a positive outcome. If, as George Bush argues, sanctions have been counterproductive in furthering internal reform, they may have been productive in inducing more accommodating South African policies to-

[15] See Chester A. Crocker, "A Democratic Future: The Challenge for South Africans," CUNY Conference on South Africa in Transition, White Plains, N.Y., Oct. 1, 1987; and George Shultz, "The Democratic Future of South Africa," Business Council for International Understanding, New York City, Sept. 29, 1987.

[16] George Bush, "The U.S. and Africa: The Republican Platform," *Africa Report*, July-August 1988, pp. 13–16.

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ward the region. Might concerted multilateral sanctions, chosen for their potential effectiveness rather than for domestic political gratification, impose on South Africa a sense of realism about its internal future? Bipartisan and multilateral discussions might concentrate on the identification of a selective list of measures that could be rapidly implemented, and that could have potentially sharp psychological or strategic impact. These could include: an international air embargo or bans on relatively easily monitored sales of specific industrial chemicals and high-technology machinery. Any multilateral initiatives of this nature would need to be accompanied by an explicit commitment to respond promptly to a fundamental reversal of race policies in South Africa by ending sanctions and resuming fruitful economic ties.

In the absence of such substantive multilateral action, "black empowerment" initiatives risk being perceived by increasingly battered, embittered and radicalized black South Africans as manipulative palliatives. As a substitute rather than an aspect of a comprehensive multilateral policy of all South Africa's present and alternative trading partners—including Britain, Israel, Japan, South Korea, Taiwan and West Germany—such programs could become increasingly controversial.

President George Bush's electoral endorsement of "economic assistance to the member states of the Southern African Development Coordination Conference" points up another policy opportunity.[17] Increased support for transport and other SADCC development projects would strengthen the region and reorient trade (via the Beira and Benguela railroads) and communications away from dependency on South Africa. The U.S.- and Soviet-backed international guarantees in the Angola-Namibia settlement and increased support for security forces in other Frontline States would help dissuade South Africa from returning to an aggressive regional destabilization policy.

Prospects for American policy toward South and southern Africa remain problematic. But the Bush Administration might improve them by working with a range of partners, including seasoned allies, trade competitors and traditional adversaries, to galvanize a broad international consensus behind a well-considered, patiently pursued set of strategies.

[17] *Ibid.*, p. 16.

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VII

The unfolding tragedy of South Africa serves to command the attention of an otherwise distracted United States to matters African. But it may also divert attention from the intimidating complex of crises besetting the continent as a whole. While policymakers concentrate on southern Africa, accelerating deforestation and desertification, spreading malnutrition and disease (including AIDS), debilitating warfare in potentially rich agricultural countries such as Angola, Ethiopia and Sudan, deteriorating terms of trade and soaring international debt are combining to make Africa a human and environmental disaster area. The crisis is so diffuse and of such magnitude that the United States and the world at large shrink from engaging it.

The cumulative destruction and exhaustion of protracted warfare is so severe that it can force protagonists to contemplate negotiated settlement. Prospects are least auspicious in Ethiopia, where the military government remains determined to crush Eritrean and Tigre nationalism despite horrendous casualties; they are better in Sudan, where some northern leaders show signs of willingness to abandon forced Islamization of the war-and-famine-decimated but resolutely rebellious south; promising in the Western Sahara, where economically motivated rapprochement between Algeria and Morocco is facilitating a political resolution to the Polisario insurgency; and consummated in Chad, where costly military defeat finally persuaded Libya's Muammar al-Qaddafi to abandon his territorial ambitions.

Presidential candidate Bush acknowledged a need for debt rescheduling and greater coordination and mobilization of Western financial assistance, but he also spoke of Africa as "a major and growing market for U.S. commodities, technology and equipment."[18] The reality is otherwise. Confronting it, General Obasanjo has observed that only Africans can "know what is really amiss" and only they "can tell it as it is" to themselves. Considering perestroika, the coming integration of Europe, and the economic and technological miracle of Japan and the NICs, Obasanjo said, and "contrasting all this with what is taking place in Africa, it is difficult to believe that we inhabit the same historical time."[19]

[18] *Ibid.*

[19] Address by General Olusegun Obasanjo at Africa Leadership Forum, Ota, Nigeria, Oct. 24, 1988.

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What is required, in the Nigerian leader's view, is an assertion of democratic values and collaboration among African states. Eschewing the notion of any quick fix, he also urges renewed efforts to persuade the international community to stabilize commodity prices, lower protectionist barriers and, in general, build "a new and fairer economic order." Above all, however, Obasanjo says Africans must rely principally on their own efforts. They must depend on their own imagination and purpose, draw upon their own human resources. Specifically, they must free themselves from continuing dependency on the "roaring industry" of up to 80,000 expatriate advisers costing over half of Africa's $7 to $8 billion in annual assistance.

In ascribing a "special responsibility" to African universities and intellectuals to devise solutions and spur action, he points to a core aspect of the African crisis in which the United States might take a lead in promoting an international response. The universities that Obasanjo sees as crucial to African efforts to reverse the continent's decline are themselves hard hit by the economic situation. The development and preservation of key African universities and research centers with adequate libraries, laboratories and trained African faculty and researchers should be an achievable goal. Bearing in mind the role that land grant colleges played in the development of the United States, an American-sponsored international effort to help African universities and intellectuals meet the challenge of this historical time would seem a logical priority.

Because the United States is preoccupied with its own debt and trade deficit, it is unlikely to expand significantly its annual $800 to $850 million in bilateral assistance to Africa (about ten percent of the total foreign aid Africa receives). But it could become a leader rather than a foot-dragger in devising more generous, coherent and practicable means of scheduling and meeting debt payments.[20] Specifically, it could encourage international financial and bilateral assistance criteria based on demonstrable productivity gains rather than ideological or strategic considerations;[21] it could respond to General Obasanjo's arguments for a "variegated" approach to development by

[20] See Carol Lancaster, *U.S. Aid to Sub-Saharan Africa: Challenges, Constraints, and Choices*, Washington, D.C.: Center for Strategic and International Studies, 1988, pp. 32–33.

[21] See Isebill V. Gruhn, "African Debt: Shadow Play of the 1980s," *Africa and the World*, April 1988.

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encouraging maximum multilateral coordination, flexibility and humility before the enormity of Africa's unfolding crisis.

American policymakers will continue to concentrate diplomatic energy on the special challenges of southern Africa, but they can at the same time develop initiatives relevant to the larger African context. They can press upon the Soviet Union and others agreements to stop arms sales to such self-destructing societies as those of Ethiopia, Sudan, Sahara and Angola, and joint or parallel efforts to facilitate conflict resolution and economic reconstruction. They can build on international consensus achieved in cases such as Angola to turn energies to creative, self-sustaining uses, to rescue afflicted societies from further decline. In so doing they will contribute to the quest for concrete diplomatic and economic breakthroughs and models desperately needed by a continent in distress.

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Margaret Daly Hayes

THE U.S. AND LATIN AMERICA: A LOST DECADE?

The 1980s have been difficult years for the countries of Latin America. They have seemed to take one step forward and two steps back on many fronts. The return of democracy to the region has been heartening, but governance has proved difficult. Economically, many call this the lost decade for Latin America. U.S. policy has been helpful in some respects, but notably frustrated, and frustrating, in others. The next few years will be particularly challenging if Latin Americans are to change the pattern of the past.

Fortune looked favorably on Latin America in the 1960s and 1970s, then turned her back in this decade. Economic growth rates averaged six percent for the region in the 1970s but have been minimal in the 1980s, while populations have continued to increase. In 1988 Latin America's gross product grew by less than one percent, and per capita income, down one-and-a-half percent, has shrunk to 1970s levels. Investment is down as well, from 25 percent of regional product a decade ago to only 16 percent in 1987. Inflation is out of control in economies as varied as Brazil, Peru and Nicaragua. Foreign debt stands at $420 billion, compared with less than $100 billion in 1980, and debt service requires $33 billion per year—nearly one-third of the region's export earnings.

As for politics, nearly all Latin American countries replaced military governments with elected civilian governments in this decade. Chile, Haiti, Panama and Paraguay remain the exceptions, and the outlook for democracy in some is uncertain. Even those countries which returned to civilian rule are beset by problems. Balancing social and political aspirations against severely constrained economic realities has proved frustrating. The task of forging streamlined, more efficient and competitive

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states out of complacent bureaucracies has been daunting. The hoped-for results of unpopular policies seem further off than ever in many countries.

In 1988, the final year of the Reagan Administration, the United States continued with policies of past years. There were few new initiatives because this was an election year in the United States as well as several Latin American countries. The record of U.S. policy accomplishments was mixed, with some successes and several clear demonstrations of the limits of U.S. power and influence.

Four issues dominated U.S.-Latin American headlines in 1988: Nicaragua and the U.S. support for the contras, Panama and the effort to oust General Manuel Antonio Noriega, drug trafficking in the region, and the persistent debt problem. Beyond these headlines, the struggle to institutionalize democracy and modernize economies continued.

II

The broad Central America agenda for 1988 was dictated in August 1987 when the five Central American presidents signed an agreement committing themselves to peace. The agreement earned its author, President Oscar Arias Sánchez of Costa Rica, the Nobel Peace Prize but, inexorably, peace seemed to escape the signatory parties.

The 1987 accord established a series of guidelines for measuring progress in the difficult process of reconciling differences between political foes. Little progress had been made by January 1988 when the Central American presidents met to hear an international advisory team's assessment of each nation's efforts to comply with the peace plan's terms. The five leaders began their talks amid charges of bad faith and "strongly different interpretations of the treaty." The meeting, nevertheless, proved tantalizingly successful. For the first time the Sandinistas agreed to suspend their three-year-old state of siege and to begin direct talks with the contra resistance, including its armed elements.

This significant breakthrough breathed new life into hopes for a final resolution of the conflict, though administration skeptics argued that the move was a cynical effort to stall a February 3 congressional vote on continuing military assistance to the contras. That vote was another in a long series of tests of the policy of military pressure on the Sandinistas. The administration's program had seemed doomed in December

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1986 when the Iran-contra scandal was revealed. But Sandinista intransigence in responding to regional peace efforts prior to January 1988 had encouraged proponents of contra aid, and the contras had done well militarily during the year, penetrating deep into the country and inflicting injury to the economy.

On February 3, 1988, the House of Representatives voted 219–211—a wide margin for a contra aid vote—against the administration's request of $36 million, including a small amount of lethal aid. A mostly symbolic favorable vote in the Senate could not change the clear message: military aid to the contras was at an end. President Reagan did not ask for contra aid again.

The Congress continued to feel an obligation to provide the rebels with humanitarian assistance. At the end of February House Speaker Jim Wright (D-Tex.) proposed a $25-million package for four months of food, clothing and medical assistance. Republicans countered with a plan for $36.3 million over two months, an approach designed to shorten the interval before the president could come to Congress again with his own request. On March 3, however, in a surprise outcome, the House of Representatives voted 216–208 against the Democrats' package. The vote left the contras with no new money at all and a pipeline rapidly drying up.

Although Congress ultimately appropriated a total of $74 million in humanitarian funds for the contras for fiscal years 1988 and 1989, the March 3 vote marked the effective end to the administration's contra policy. The demoralized contra leadership read the writing on the wall: there would be no bipartisan support for their program; they had best explore accommodation with the Sandinistas. Contra troops began to move back from field positions in Nicaragua to base camps in Honduras. On March 16 Sandinista forces crossed the border, pursuing contra units to their base camps. The United States dispatched some 3,000 airborne troops to deter further advances, and the Sandinistas withdrew. The event prompted another brief round of debate on military aid for the contras but no further action.

On March 21 Sandinista and contra negotiating teams met at Sapoá, Nicaragua, and after three days of talks signed a 60-day cease-fire agreement permitting the rebels to remain armed and inside Nicaragua. On April 16 the government and contra representatives met in Managua to discuss their substantial differences. The Sandinistas wanted to discuss the immediate

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laying down of arms; the contras sought agreement first on a lengthy agenda of fundamental political changes. The parties held talks again April 28–30 but made no progress. Venting his frustration, and reflecting tensions within his own directorate, President Daniel Ortega threatened the contras that the Sandinista army would "crush them if they did not accept his peace offer." Sandinistas began cracking down on dissidents, who had been enjoying a sort of "Prague Spring" after the lifting of the long state of siege.

After a prolonged dispute over the site of the third meeting, the contra leaders, including for the first time military field commander Enrique Bermúdez, agreed to travel to Managua to meet with the Sandinistas in May. They continued to press for political reforms as a condition for laying down arms. On June 7, amid great expectations for a definitive breakthrough, the rebel leaders returned to Managua for a fourth round of talks, which ended in bitter accusations from both sides. While the Sandinistas seemed willing to tolerate greater political participation by their opponents, they were not willing to undertake the reforms that the contras argued would be necessary to preserve political freedoms. In spite of their differences, both sides agreed to continue the cease-fire.

Secretary of State George Shultz, correctly concerned that the peace process was stagnating and the contra forces were losing their ability to mobilize in force again, made a four-nation swing through Central America in June to urge the Central American presidents to demand more "flexibility" from Nicaragua in coming negotiations.

Following the breakdown of talks in June the Sandinistas became increasingly harsh in their crackdowns on dissidents and protestors. On July 10 Sandinista police used tear gas and clubs to break up a large antigovernment demonstration in Nandaime, a small town near Managua. Human rights groups charged that the government police had attacked the demonstrators. The Nicaraguan government accused U.S. Ambassador Richard Melton, who was in Nandaime to observe the demonstration, of being a provocateur and expelled him. The antigovernment Radio Católica and *La Prensa* were shut down in a further reaction to the mounting wave of protest against the government and its policies. The United States countered by expelling the Nicaraguan ambassador in Washington.

In mid-September representatives of the contras and Sandinistas were unable to agree on location and terms for another

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meeting to continue talks. It was apparent that neither side was ready to make concessions yet. Then, in the face of continuing opposition activity, the Nicaraguan National Assembly approved another state of siege decree, which Ortega imposed in the aftermath of Hurricane Joan on October 22.

Finally, on November 30, Central American ministers gathering in Mexico City for the inauguration of President Carlos Salinas de Gortari agreed on a meeting of Central American heads of state in early 1989 to renew the stagnated process of regional negotiations. After a year the Central American peace process had hardly advanced.

Besides in Nicaragua, circumstances elsewhere in Central America were also discouraging. Costa Rica and Guatemala were making economic gains, but President Vinicio Cerezo of Guatemala was unable to implement radical reforms. Two coup attempts forced him to make concessions to the military, and insurgents continued to operate in the countryside. In El Salvador the right-wing ARENA party won massively in the March elections, gaining a majority in the legislative assembly. President José Napoleón Duarte miraculously continued to survive despite massive stomach cancer, but his Christian Democratic Party, rent by factionalism, seemed spent after five years in office. Though leftist elements have decided to run in the March 1989 presidential elections, during 1988 the nine-year-old insurgency gained new energy and provoked an increase in right-wing violence.

In Honduras, from 10,000 to 15,000 Salvadoran and Nicaraguan refugees continued to weigh heavily on that country's resources. In the last half of the year some 2,000 Nicaraguans per month were migrating illegally to the United States, the ultimate sign that they had given up on their own country. The United States continued to maintain "temporary" bases in Honduras, but anti-Americanism was mounting after the long period of intense U.S. involvement in the area had brought no solution into sight. In all the region the sense of fatigue with the old policy was profound. The Bush Administration will need to develop a new libretto for Central America.

III

U.S. concerns with both drugs and democracy contributed to the star-crossed and ultimately unsuccessful effort to topple Panamanian military leader Manuel Antonio Noriega. Panama's increasingly apparent role as a haven for laundering drug

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money made the country conspicuous as the U.S. crackdown on drugs intensified. In addition, as one country after another turned to democracy, the Panamanian military's powerful influence over the nominally civilian Panamanian government stood out as aberrant. Moreover, successful U.S. efforts to aid the coming of democratic government in the Philippines and the departure of Jean-Claude Duvalier in Haiti, and clear U.S. support for a political opening in Chile, encouraged a certain hubris about the prospects for success elsewhere. Panama's long-standing and close relationship with the United States made it seem a logical next target for building democracy.

Panama was already in turmoil as 1988 began. The National Civic Crusade, a loose coalition of parties and interest groups, began organizing demonstrations against Noriega's influence in the Panamanian government in mid-1987. The United States encouraged their activity, and increasingly elements began to call for an early transition to genuine civilian government.

Pressure for Noriega's departure escalated following a series of charges that he was involved in drug trafficking, arms smuggling and even in the murder of a colleague's son. Finally, on February 4, the U.S. Justice Department obtained two indictments against Noriega for involvement in drug trafficking, money laundering and other activities.

Panamanian President Eric Arturo Delvalle dismissed Noriega as head of the Panamanian Defense Forces on February 25, but his choice of successor to Noriega rejected the appointment and, with other officers, declared his loyalty to the general. The following day Delvalle himself was removed by the National Assembly and forced into hiding. In an effort to bolster democratic forces the U.S. government placed its full support behind Delvalle. Latin American governments also deplored the dismissal of a civilian president, and the Group of Eight—heir to the Contadora process—excluded Panama from its membership because of its unrepresentative government.

From hiding, and encouraged by a small group of Panamanian supporters, Delvalle sought to freeze Panama's assets in the United States and asked governments and companies to refuse to pay fees owed to the Panamanian government. The United States backed the effort by first ordering banks not to disburse any Panamanian government funds and by later prohibiting U.S. companies from making payments to Panama.

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But the United States continued to make payments to Panama Canal employees and U.S. military personnel living in Panama, a total of some $57 million every two weeks—enough to keep the economy afloat, though GDP has declined 25 percent.

In May the United States stepped up efforts to force Noriega's hand. Deputy Assistant Secretary of State Michael Kozak, a career lawyer with the State Department who had been involved in the Panama Canal treaty negotiations, made a number of trips to Panama to negotiate with Noriega. To the dismay and anger of the U.S. public and campaigning presidential aspirants, he appeared to hold out the offer that the United States might drop the drug charges if Noriega left Panama. The general made several counteroffers, none satisfactory, and the effort broke down by the end of the month.

By late summer Panama was barely a memory in U.S. headlines, though the Noriega relationship became something of an issue in the fall presidential campaign. The economic sanctions had wreaked havoc with the Panamanian economy. U.S. corporations were barely surviving; banks were leaving or had left, and recovery seemed impossibly far off. Panamanians were no closer to a solution to military dominance of their government; many would argue they were farther away. Indeed, one casualty of the 1988 process was the National Crusade coalition, which was weakened by the United States assuming the role of principal interlocutor. In August Arnulfo Arias, the octogenarian populist politician long of concern to the United States, died. Arias was probably the only civilian who could win an election in his own right. Indeed he had done so as many as four times, always to be denied the office. His passing further weakened the civilian alternative and challenged the remaining parties and factions to fill the void.

The Panama affair was a clear example of the limits of U.S. influence over its small neighbors. Heavy economic and diplomatic pressure had been brought to bear with no results. The United States read the situation incorrectly and undercut local political forces' efforts by sending its own officials to negotiate with the Panamanian general. The United States also failed to perceive the level of military support for Noriega and incorrectly gambled that officers would turn against him. Finally, the United States did not take advantage of Latin American efforts to isolate Noriega and discreetly pressure him into leaving.

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IV

Latin America is the major source of illegal drugs supplied to the United States. Mexico, Colombia, Jamaica and Belize are the principal suppliers of marijuana to the U.S. market. Peru, Bolivia and Colombia cultivate nearly all of the cocaine that the Colombian drug mafia ships into the United States. Mexico produces about 40 percent of the heroin brought into the United States. The retail market for illicit drugs in the United States is estimated to be on the order of $130 billion—about two-and-a-half times Colombia's official gross domestic product.

Until recently the drug war has been one-sided, with the United States complaining about supply and providing assistance to Latin America for crop eradication and other anti-drug activities. Latin American governments regarded the drug problem as America's. The U.S. Congress focused on supply and over the decade urged increasingly severe sanctions against governments not actively combating production in their countries. Latin Americans resented being asked to do more about drugs than the United States seemed willing to do at home.

As the power of the drug mafia increased, however, Latin American governments began to recognize the need to deal with their own growing drug abuse problems, to control drug-related crime and corruption, and to reverse their growing inability to carry out the law because of bribes to and threats against the judiciary. The 1984 assassination of Colombia's justice minister, the 1985 guerrilla attack on that nation's Supreme Court and the revelation of Mexican police involvement in the cover-up of the murder of U.S. Drug Enforcement Agent Enrique Camarena all raised awareness of the perversity of organized drug crimes in the region. As efforts to fight drugs increased in Colombia, Peru and Bolivia, the drug cartels' production and transit activities spilled into countries such as Venezuela, Argentina and Brazil, which did not previously have serious drug problems.

Contrary to common perception, cooperation between the United States and Latin American countries in narcotics control has been good, even though the results have been disappointing. Stepped-up cooperation between U.S. and Latin American authorities permitted interdiction and eradication of record quantities of drugs in 1988. The United States and Mexico have made a serious joint effort to eradicate marijuana

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and heroin in Mexico; Peru and the United States, despite difficult relations on other issues, continue to collaborate on cocaine eradication efforts in the Upper Huallaga Valley. The Bolivian government permitted U.S. troops to participate in Operation Blast Furnace in 1986, an effort to eradicate coca crops in that country.

In an important action Bolivian police seized Roberto Suárez Gómez, one of the top cocaine traffickers in South America; this was the first time Bolivian authorities had taken action against a drug kingpin. Jamaica reduced marijuana production from 1,755 metric tons in 1986 to 455 in 1987. Also, in September 1987, the Organization of American States created the Inter-American Drug Abuse Control Commission to coordinate activities targeting consumption and production of illicit drugs in the region, and in the fall of 1988 the OAS General Assembly recognized drugs as one of Latin America's greatest problems.

U.S. courts turned out a record number of indictments in 1988. More than 170 U.S. and Latin American citizens were indicted by a U.S. grand jury for drug trafficking and money laundering linked to General Noriega. Colombian drug boss Pablo Escobar Gaviria was indicted with five others on charges of trying to set up a cocaine distribution network in Colorado. Senior Honduran army officers were accused of setting up drug operations in that country, and the Honduran ambassador to Panama pleaded guilty to charges of trying to smuggle 26 pounds of cocaine into the United States. A top Haitian military commander, Colonel Jean-Claude Paul, who later died, was accused of providing a secure airstrip to cocaine smugglers.

In contrast, the record of convictions of organized criminal elements operating the trafficking is mixed. Prosecution has often been frustrated by legal and bureaucratic impediments. In December 1987 Colombian authorities released from prison the dean of the Medellín drug cartel, Jorge Luis Ochoa, although in February 1987 the same authorities extradited drug kingpin Carlos Lehder Rivas to the United States, where in July 1988 he received a sentence of life without parole plus 135 years. After Colombian Attorney General Carlos Hoyos Jiménez was kidnapped and killed in January 1988, the Colombian Supreme Court nullified legislation implementing a 1979 extradition treaty with the United States. In April Honduras turned over alleged trafficker Juan Ramón Matta Ballesteros to U.S. authorities, an act that provoked an attack on the U.S.

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embassy by Hondurans charging that the action was unconstitutional because there was no extradition agreement between the countries.

Congress reacted to the drug epidemic and the wave of related violence with its second anti-drug legislation in two years. The 1988 Omnibus Anti-Drug Law recognized for the first time that the problem had a powerful domestic demand component. It mandated the death penalty for major drug traffickers. In spite of this legislative effort, experts agree that solutions to the drug epidemic are more complex: they require reduction of demand and close cooperation among authorities as well as stiff penalties. State and local governments that have started anti-drug programs will depend on the Bush Administration and Congress to maintain funding for their efforts.

In Latin America the police and the judiciary are often too weak to cope with powerful organized drug crime. They need the full support of U.S. and international authorities to bolster their meager forces. The OAS involvement in the drug issue is encouraging, but it will have to be much more active to have a measurable impact on the problem. One area in which the OAS might take the initiative is in developing region-wide protocols for handling accused criminals and extradition requests.

V

In 1982 the vast majority of Latin American countries were headed by the military. The transition to democratic government in the region has been one of the bright spots in an otherwise bleak decade. By the end of 1988 only Chile, Paraguay, Panama and Haiti had military heads of state, and even Chile's enduring President Augusto Pinochet seemed to be preparing to transfer political power.

The most heartening step in 1988 was Chile's plebiscite. On October 5 seven million voters went to the polls and said "no," by a margin of 54.7 to 43 percent, to General Pinochet's remaining in office for another eight years. After 17 years of authoritarian rule, the government hesitated only momentarily before committing itself to respect voters' wishes.

Chile's 1980 constitution requires presidential elections in December 1989. In the intervening months the 16 political parties that united in the "Command for the No" face a serious task of reorganization and coalition-building in order to mount an effective campaign to elect a civilian president with a mandate to govern. The prospects for a successful transition seem

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bright because political leaders across the spectrum agree that the current economic policies should be continued, though many seek a greater emphasis on the distribution of wealth. The Pinochet government's policies have made Chile an economic star in Latin America by reducing its budget deficit, halving its debt burden and stimulating almost six-percent growth, led by nontraditional exports.

The United States backed the campaign for a return to democracy in Chile with a policy of steady public pressure and support. The policy was consistent through most of the Reagan Administration, but beginning in 1986 signals were made crystal clear by Ambassador Harry G. Barnes, who sacrificed access to the Chilean government for an outspoken position supporting the return to democracy.

The transition to democracy failed in Haiti after a brief flirtation with political opening. The United States pressured Jean-Claude (Baby Doc) Duvalier to leave Haiti in 1986. Initial elections in November 1987 were canceled after bloody massacres during the voting. The army, acting as caretaker during the transition period, conducted elections again in January 1988, but many opposition candidates boycotted them. Nevertheless, civilian Leslie Manigat was inaugurated as president on February 8. Almost immediately violence by rival political and military factions constrained his political space. By June he had been ousted by the same general, Henri Namphy, who had presided over his accession to power. In September Namphy was himself ousted, in a reaction by noncommissioned officers to government inaction in the face of growing violence, and replaced by General Prosper Avril. Hopes for an early return to democracy remained faint at year's end.

The process of political opening and modernization was apparent in Mexico, where the venerable Institutional Revolutionary Party, PRI, has ruled unchallenged since the 1920s. When Carlos Salinas, director of the Office of Program and Budget and protégé of outgoing President Miguel de la Madrid, was named the PRI presidential candidate in October 1987, the announcement seemed to promise continuity in economic policies that would sustain confidence in Mexico during the country's tumultuous presidential campaign season. Equally important, Salinas, 39, represented a new generation of Mexican leaders, heirs to the revolution to be sure, but intent on modernizing and invigorating the old political apparatus.

The campaign itself marked the first serious contest for the

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presidency in modern Mexican history. Not only did the conservative National Action Party field a candidate, Manuel Clothier, but a PRI faction split off and allied itself with a number of left-wing and populist parties under the rubric National Democratic Front to back the candidacy of Cuauhtémoc Cárdenas, the son of a former president.

Early returns seemed to suggest that the ruling party might be losing the election, but the final figures announced by the Federal Elections Commission gave Salinas a bare majority—50.36 percent of the votes—with Cárdenas receiving 31.12 and Clothier 17.07 percent. Both losing candidates charged that the Salinas victory was fraudulent. The opposition parties did make major gains in the Mexican congress, thus guaranteeing more careful scrutiny and vocal criticism of the new president's program. Salinas said he welcomed the new political reality but also recognized that his leadership task would be infinitely more difficult, given the country's need for continuing economic adjustment.

VI

The persistent debt problem plagued Latin America throughout the Reagan Administration. When the debt crisis was precipitated by Mexico's August 1982 announcement that it was unable to meet payments on its $80-billion debt, emergency financing was promptly cobbled together by bankers and the U.S. government, but voluntary commercial bank lending to Latin America ceased. Throughout the debt crisis three interrelated goals have prevailed: (1) to sustain growth or, as it stagnated, to renew it, (2) to assure new capital inflows essential to growth, and (3) to bring about necessary structural reforms to make Latin American countries more attractive to capital and better able to sustain development.

From 1982 to 1984 a combination of International Monetary Fund standby arrangements, U.S. government bridge loans and commercial bank refinancings seemed to provide a remedy to the debt problem. The relief was temporary, however, and by mid-1985 storm clouds were again gathering. Secretary of Treasury James A. Baker acknowledged the impasse confronting debtors and creditors alike when he spoke to the IMF and World Bank Boards of Governors in Seoul in October 1985. His "Baker initiative" speech noted the goals mentioned above and called on debtor countries to speed up domestic reforms and on commercial banks to lend aggressively to indebted

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countries so they could grow out of the crisis. In his plan sharply increased lending by the World Bank to the 15 most indebted countries would bolster continued commercial bank lending to provide the capital necessary to restart growth.

Quick calculations demonstrated that the amount of capital needed to revive growth in Latin America far surpassed World Bank capabilities and private lenders' willingness to continue exposure in the region. Since 1985 both indebtedness and demands for global solutions, including some kind of debt or interest rate relief, have increased. Proposals have ranged from New Jersey Senator Bill Bradley's "three-percent solution" for reducing interest rates and payments to funding independent "debt facilities" to buy discounted debts. A variety of market-oriented mechanisms including debt-equity swaps and exit bonds have been employed, but overall debt reduction has been modest compared to the continuing overhang.

By 1988 debt "fatigue" was growing, not only in debtor countries, but also among commercial banks and creditor-country governments. Many banks had increased reserves against Latin American debt in 1987; several large banks wrote down portions of debt, and many smaller regional banks wrote off their Third World debt entirely. In the final week of 1987 the U.S. and Mexican governments and Morgan Guaranty Bank launched a unique debt buy-back scheme, backed by U.S. government bonds. While less successful than its authors had hoped, the plan signaled a new degree of U.S. government involvement in the debt question. That involvement deepened over the year as the United States supported a major new package for Mexico at mid-year and a $1.5-billion World Bank structural adjustment loan for Argentina with a $550 million U.S. bridge loan (the fifth to that country in four years).

In February 1988, following months of negotiations, Brazil ended a year-long moratorium on debt payments and concluded a 20-year rescheduling agreement with creditors that included exit bond facilities and $5.2 billion in new bank money to cover interest payments. Installments would be tied initially to World Bank rather than IMF targets, a major break with past practice.

Market options were also tested more aggressively in 1988. Bolivia and Costa Rica concluded interesting "debt for nature" swaps, to provide funding for creation of wildlife reserves. Brazil's debt-for-equity auction scheme, launched in April, resulted in a conversion of $1.1 billion into investments after

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eight monthly auctions. Argentina undertook a more limited debt-for-equity plan. Neither was as broad as the Chilean program, which reduced that country's commercial bank debt by one-third between 1985 and 1988, but each contributed to easing indebtedness.

In February 1988 American Express President James Robinson proposed the formation of an International Institute for Debt and Development that would buy Third World debt at a discount and pass the savings along to the debtor country. Others proposed that debtor countries pay interest in local currency which creditors could invest as they see fit, and still others suggested that special development accounts be created to capture debt payments.

Secretary Baker briefly raised expectations of greater official U.S. involvement in a debt solution in June when he announced at the annual meeting of the African Development Bank that the United States would support concessional interest rate reschedulings for the poorest countries in the Paris Club. The measure was intended for African nations, but some speculated that it could be extended to the poorest Latin American debtors as well. At the Toronto summit on June 21 Japanese Prime Minister Noboru Takeshita aired a debt reduction plan to be monitored by the IMF.

The IMF-World Bank annual meetings in Berlin in September 1988 offered another opportunity for airing proposals and evaluations of the debt situation. A United Nations Conference on Trade and Development report urged commercial banks to forgive up to 30 percent of the debt of the 15 most indebted nations, arguing that this is the only way to get them growing again. A distinguished group of New York bankers called for a new plan to revive Third World economies, saying $16 billion a year in new capital is needed. A new governor of the Federal Reserve Board called for an "unorthodox new approach to the debt," observing that "we've got to think of a different approach from what we've been doing." Nevertheless, the new U.S. secretary of treasury, Nicholas Brady, held firmly to the Baker policy formula in his maiden speech on the debt before the IMF and World Bank governors in September.

Both World Bank President Barber Conable and IMF Managing Director Michel Camdessus expressed their frustration with the commercial banking sector. Conable charged that the international strategy for resolving the debt crisis was being jeopardized both by private banks' reluctance to cooperate and

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by lower-than-expected economic growth in industrialized countries. Camdessus urged commercial banks to do more to aid highly indebted countries by mixing more new money with debt reduction facilities.

But the commercial banks felt that they could not do much more. In September Horst Schulmann, the managing director of the Institute of International Finance, an organ created to monitor commercial bank exposure in the Third World, wrote the chairmen of the World Bank's Interim and Development Committees that "the demand for new bank financing from developing countries exceeds the capacity and willingness of banks to supply it." Schulmann cited several reasons why they find international lending unattractive: the depreciation of the dollar, reduced cohesion in the banking community, the absence of recyclable funds once available from oil-producing countries, the withdrawal of smaller banks from consortia and the large number of arrearages (totaling $4.4 billion in 1987).

To permit the World Bank to make the large-scale program loans envisioned in the Baker plan, the administration requested $70.1 million in March to support a $75-billion general capital increase for the bank. But the request bogged down in Congress, leaving the United States, the largest single shareholder, as the only bank member not to have subscribed to the increase. Liberal Democrats concerned about the debt sought to use the legislation as a means to force the administration to develop a more flexible policy for dealing with Third World debt. Their efforts fell short, but the occasion offered ample opportunity to vent frustration over the debt problem and to test support for solutions requiring taxpayers to shoulder some costs. Finally on September 30 Congress approved $50 million for the World Bank, the first part of a planned $420.6 million commitment over six years.

The debate in 1988 made clear that more aggressive programs for reducing debt and stimulating new capital flows would be necessary in a new administration. All parties need relief: U.S. exporters, Latin American leaders and banks caught in a vicious circle of debt. At his December 1 inauguration, Mexican President Salinas announced pointedly that growth, not debt service, would have to be his priority. Five days later the newly elected Venezuelan president, Carlos Andrés Pérez, repeated that theme.

Prospects for a global solution are dim. As Federal Reserve Chairman Alan Greenspan remarked, "There are no clever

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financing schemes or fiscal gimmicks that can substitute for sound policy. Debtor countries will be restored to full access in the international financial system because of their policies, not those of their creditors." Nevertheless, there were signs that the new U.S. administration was working on a Brady corollary to the Baker plan. In December the president-elect seemed to agree, saying that his administration "should take a whole new look at [the Baker plan]" and acknowledging that there are "enormous problems—particularly in . . . our own hemisphere on Third World debt."

VII

The major challenge Latin America has faced over the past decade has been economic adjustment. Development came easily to the region in the 1960s and 1970s. Private investment and bilateral, multilateral and private bank lending were readily available. Economies were buoyant and world demand was high. Conditions were tolerant of mismanagement, inefficiency and protectionism. This is no longer the case. Latin American producers now compete for capital and markets with Southeast Asia, with the Mediterranean countries of Europe and with aggressively exporting industrialized countries. Latin American leaders are confronted with the task of implementing policies that will determine whether the region becomes more like Africa or more like Asia in the coming decades.

The debt crisis has forced profound adjustment on the region, and it has responded impressively. Since mid-1982 total Latin American exports have risen 30 percent in volume, led by manufacturing exports. Most countries have begun fiscal reforms and are privatizing state-owned companies or imposing more rigorous performance standards on them. Under pressure to reduce fiscal deficits, governments are cutting subsidies to remove distortions in the market. Agriculture, long neglected by Latin American policymakers interested in imitating the industrial north, is thriving.

Mexico has set the standard for trade liberalization. Between 1985 and 1988 Mexican President Miguel de la Madrid removed import licensing requirements on over 2,000 categories in Mexico's tariff schedule (about 37 percent of the total value of Mexican imports), and joined the General Agreement on Tariffs and Trade. In December 1987 Mexico lowered its maximum tariff to 20 percent, reduced other tariffs and removed the general import tax. Thus Mexico began 1988 with

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a weighted average tariff about equal to Canada's. Also, Mexico passed an amended patent and trademark law in 1986 reflecting new perspectives on intellectual property. In 1987 the United States and Mexico initialed a bilateral framework agreement for trade and investment that gave additional flexibility to their relationship.

There is a rapidly growing consensus in the region about a new model of Latin American development, but it has not yet been fully incorporated into the region's political culture. Political inexperience—the result of long years of circumscribed political debate—hinders the evolution of ideas. Political parties often still see their role in the context of opposition to intransigent authoritarian government. Once in office they have difficulty shifting their focus to the national interest and administering power, as the cases of Brazil and Peru demonstrated over the past year. Equally important, parties have not been well organized to translate constituent interests into policy alternatives, and government bureaucracies are not always responsive to leaders' directions.

Latin American leaders will have to make further adjustments to integrate into the international economy; they must do so if they are to compete on an equal footing with the tigers of Southeast Asia and Mediterranean Europe, and to take advantage of the European market after 1992. There is little the United States, other countries or the multilateral lending institutions can do to accelerate that process. Latin Americans must do it for themselves and out of conviction that it is right for their countries. Relief from debt burden will not accomplish this sea change. Were that the case, countries that did not pay in the past—Peru since 1985 or Brazil in 1987—should be better, not worse, off today than before. Rather, the evidence suggests that those countries which have accepted the long-term challenge of macroeconomic adjustment have fared the best—Mexico, Colombia, Uruguay, Chile, even the Dominican Republic. But even these countries have not yet tackled the challenges that confront them in the social area, where deregulation and reforms in health, education and welfare are especially important.

VIII

The United States has been at the margin of Latin American developments in this decade. Notwithstanding positive initiatives such as the Caribbean Basin Initiative, the Central Amer-

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ican Economic Recovery Act, cooperation in the drug war and encouragement for the transition to democracy, political changes have come about through Latin American efforts. In spite of massive efforts and millions of dollars in assistance, the political crisis in Central America has not been solved and economic recovery is far off. Despite reforms, the debt is more burdensome than ever.

George Bush called for a "kinder, gentler nation" in his speech accepting the Republican presidential nomination in August. A kinder, gentler quality is also needed in U.S.-Latin American relations. The tensions of the past decade—the Central American wars, the debt crisis, trade disputes and the anti-drug campaign—have polarized relations between the United States and its neighbors in the hemisphere. Even the struggle for democracy and the still unmet expectations of the Caribbean Basin Initiative and the Central American Economic Recovery Act have created frictions and disappointments.

Latin Americanists are quick to point out that the region is as diverse as it is huge, and that no single policy can be effective in guiding relations throughout the region. Different policy tools are needed for clusters of issues that characterize the hemisphere's different regions. Moreover, the problems are tremendous and the policy instruments for treating them are few. All parties will have to work together to achieve satisfactory outcomes.

Of necessity, the United States' primary focus will continue to be on its nearest neighbors, Mexico and the Caribbean basin countries. Yet the United States should not fail to recognize its long-term interest in the domestic political and economic successes of South America. Nations there are potentially important economic partners in an era of increased competition and emphasis on export trade growth. Only since 1982 has the U.S. trade balance with Latin America been negative, and this will inevitably be reversed once strong growth returns to the region.

The coming years will be hard for Latin America, and relations with its northern neighbor will be complicated. Eight new presidents will be elected in 1989, all determined to reverse the economic stagnation and capital outflows that have plagued the region in the 1980s. Latin leaders will need political space within which to work out a new domestic political consensus. It will be tempting to blame the United States for setbacks, but the United States should not overreact. Never-

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theless, many of today's leaders have indicated their desire to engage the Bush Administration early on and constructively.

The United States has a profound national interest in improving its relations with the countries of Latin America in the years ahead. The problems that characterize this decade—debt fatigue, the fragility of emerging democratic institutions, the struggle for consensus on the region's economic model, the profound economic difficulties and the growing drug menace—have also created a window of opportunity for strengthening the U.S.-Latin American relationship. Differences with the United States will persist on many fronts, but they should not be exaggerated. If mutual respect and candor can be maintained in a wide-ranging dialogue, the prospects for enhanced relations are good. If the United States and Latin America can build on the difficult lessons of the 1980s, this decade will not have been lost.

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Richard Nixon

AMERICAN FOREIGN POLICY: THE BUSH AGENDA

In 1945, a year before his speech in Fulton, Missouri, Winston Churchill sent a message to the new president, Harry Truman, about the ominous developments in Soviet policy: "An Iron Curtain is being drawn down over their front. We do not know what lies behind it. It is vital, therefore, that we reach an understanding with Russia now before we have mortally reduced our armies and before we have withdrawn into our zones of occupation." Churchill's advice went unheeded, and the West lost a historic opportunity to negotiate a favorable deal with the Kremlin when the bargaining leverage of the United States vis-à-vis the Soviet Union stood at its peak.

After almost half a century, the communist world's leader, President Mikhail Gorbachev, has undertaken dramatic changes within the Soviet bloc that give the free world's new leader, President George Bush, another historic opportunity to enhance the West's security and to effect a sea change in the U.S.-Soviet relationship. Gorbachev's policies of glasnost and perestroika have been hailed, even by some hard-line Western leaders, as heralding the end of the cold war. While his reforms give reason for a reappraisal of the West's policy toward the Soviet Union, we must bear in mind that the causes of the cold war—Moscow's domination of Eastern Europe and aggressive foreign policies around the world—still endure. Those who urge the West to "help Gorbachev" with low-interest loans and subsidized credits fail to realize that such actions are not in our interest until he makes an irrevocable break with the Kremlin's past policies.

An opportunity now exists to make genuine progress toward a more stable peace. President Bush can exploit this opportunity if he takes a hard-headed look at the Soviet Union under Gorbachev and devises a policy that presents the Kremlin leaders with intractable strategic choices. We must make Gorbachev choose between a less confrontational relationship with the West and the retention of his imperial control over Eastern Europe, between a continuing race in arms technology and arms control agreements that could create a stable strategic

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and conventional balance, and between access to Western technology and credits and continuing Soviet adventurism in the Third World.

II

Gorbachev has sparked enormous excitement in the West because he is perceived to be a new kind of Soviet leader. Dazzled by his "star quality"—the fashionably tailored suits, the polished manners and the smooth touch in personal encounters—reporters and diplomats alike have naïvely confused changes in style and rhetoric with shifts in substance and policy. I have met with three of the Soviet Union's principal postwar leaders—Nikita Khrushchev in 1959 and 1960, Leonid Brezhnev in 1972, 1973 and 1974, and Mikhail Gorbachev in 1986. Gorbachev is in a class of his own. He is their match in tenacity and forcefulness, but outstrips them in realism, quickness and intelligence. He deserves great respect for his boldness, his courage and his mastery of public relations. He is a different but, from the West's point of view, not necessarily a better type of leader. We must keep in mind that his talent and capabilities can just as easily make the world a more dangerous place as they can contribute to greater global security.

Gorbachev has launched his reforms and pursued a more conciliatory approach to the West because the communist economic system failed at home and the Soviet Union's foreign policy became counterproductive abroad. The centrally planned economy of the Brezhnev era has become a monument to corruption and inefficiency. Brezhnev's militarism and expansionism not only mobilized the West to strengthen its armed forces but also gave the Soviet Union a severe case of imperial indigestion after it gobbled up Third World countries. By the early 1980s, Moscow's clients in Afghanistan, Cuba, Nicaragua, Vietnam, Angola and Ethiopia cost the Kremlin at least $20 billion a year to keep in power. It is a mistake to think that only Gorbachev would have initiated a reform program, for these realities would have forced whoever came to power into rethinking Soviet domestic and foreign policy.

Unlike his predecessors, Gorbachev sees the world without ideological blinders. He has realistically assessed the Soviet Union's enormous economic, political, imperial and geopolitical problems. First, he recognizes openly that the Soviet economy has stagnated, with negligible or even negative growth rates since the late 1970s. Without economic reform and access

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to Western technology and capital, the Soviet Union will fall hopelessly behind the United States, Western Europe, Japan and—perhaps as early as the middle of the next century—China.

Second, Gorbachev initiated his economic reforms—perestroika—because he knows that the Soviet people can no longer be motivated with political slogans. The increased East-West contacts of the détente era and the revolution in mass communications have rendered futile the Stalinist strategy of isolation and ideological indoctrination. Today, the Soviet people are aware that their standard of living—cramped housing, endless food lines and empty store shelves—compares unfavorably not only with that of the West but also with those of the newly industrializing countries of the Third World. Gorbachev knows that only material incentives, not ideological exhortations, will induce the people to work harder. They will produce more only if they can actually purchase decent consumer goods with the additional rubles they earn.

Third, Gorbachev knows that economic failure and political repression have created seething unrest throughout the Soviet empire that could erupt at the slightest provocation. Time bombs lie just below the surface ready to explode, not only in virtually all his East European satellites but also in many of the non-Russian republics of the Soviet Union itself. Through glasnost, he has tried to create a safety valve to defuse this pent-up frustration, but by venting these angers he may have let the genie out of the bottle. He will find that demands for pluralism in Eastern Europe and greater national autonomy for the non-Russian peoples are difficult to control. Ironically, Soviet leaders used appeals to nationalism to expand their empire into the Third World. Now nationalism threatens to tear that empire apart.

Fourth, as Gorbachev surveys the global political scene, he must be struck by the fact that instead of improving the Soviet Union's position in the world, the Kremlin's foreign policy has managed to unite all the world's major powers against Moscow. The United States, Canada, Western Europe, Japan and China—which together account for over 60 percent of the world economy and which pose the threat of a two-front engagement in any world conflict—have cooperated actively for more than 15 years in opposing Moscow's traditional expansionist ambition. Moscow's old thinking led to a dead end, so Gorbachev has launched his "new thinking" in foreign

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affairs to loosen the bonds of, or break up, that anti-Soviet bloc.

Fifth, Gorbachev, as a communist, instinctively believes in the importance of the battle of ideas, but as a realist, he knows that the Soviet Union has lost that battle. Around the world—not only within the Soviet bloc but also in Africa, Asia and Latin America—Soviet socialism is perceived as the road to stagnation, not prosperity. It still appeals to those who want to seize and hold power but not to those who want to build a better life for their people. Through his reforms, Gorbachev seeks to create a new model and image for socialism and to give the communist ideology a second wind.

III

Gorbachev's goal is to reinvigorate his country's communist system, to make the Soviet Union a superpower not just in military but also in economic and political terms. Without sweeping reforms, he will not be able to afford the costs of the Soviet military establishment and of Soviet client-states, to provide the Soviet people with a better life, to create a model that can be competitive in the global ideological battle and to keep the Soviet Union in the front rank of world powers.

Gorbachev's reforms face three massive internal roadblocks that could derail his efforts. Despite his successes at the recent special party conference (June 1988) and his tours de force at the recent Central Committee and Supreme Soviet meetings, Gorbachev has not consolidated a firm political grip over the Soviet system. He can count only three or four of the 12 members of the Politburo as steadfast allies. While Yegor Ligachev, his apparent rival, may no longer be looking over Gorbachev's shoulder as the recognized number-two man, Ligachev's faction is waiting in the wings, ready to take over should Gorbachev falter. The last Soviet reformer—Nikita Khrushchev—met with an untimely political demise when he threatened too many entrenched interests.

Thus, we should make no concessions to Gorbachev that we would not make to the least progressive Soviet leader, for the chance still exists that the latter could come to power. While Gorbachev has been hailed as a superstar on the world stage, we must remember that the stars that shine the brightest sometimes fade away the fastest.

In Gorbachev's four years in power, there has been a lot of talk but precious little progress. He has been unable to force

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the sclerotic Soviet party and state bureaucracies to abandon their Stalinist ways. He has the unenviable task of teaching old bureaucrats new tricks. It is one thing to tell a bureaucrat to do a certain task and another to order him to be creative and innovative. The former at least stirs him to action, while the latter evinces blank stares of total incomprehension.

Gorbachev's most profound problem is that he still believes in Marxism-Leninism. Even if he wins his political and bureaucratic battles, this handicap will ultimately doom his reforms to failure. Rapid, self-sustaining economic growth has occurred only in countries that respect the right of individuals to own private property and that allow unregulated prices and the laws of supply and demand to allocate economic resources. Gorbachev has expressed a willingness to grant farmers long-term leases for private farming and has stated that some prices will be decontrolled in the early 1990s, but he still wants to keep the party-state apparatus in firm command of the economy as a whole. While there have been several examples of economies moving from capitalism to communism, there are no examples of economies moving from communism to capitalism. No one has ever constructed a successful halfway house between a market-based and a command economy.

Gorbachev faces a profound philosophical dilemma: he can choose ideology or progress. If he chooses communism, he cannot have progress; if he chooses progress, he cannot have communism. Only by abandoning the ideology that is the bedrock of his power can he produce progress that will match that of the West.

Given the inefficient central planning system and the irrational pricing system, no foreign investor today has the slightest idea of how to judge which economic risks in the Soviet Union are worth taking. Making loans to the Kremlin is like laying down chips on the dice table; some bets may pay off but the odds are that in the long run the money will be wasted. In fact, it is not even in Gorbachev's interest for the West to provide economic assistance before fundamental economic reforms have been institutionalized. A banker does no favor to a borrower by making him a bad loan. We should not enable the Kremlin to borrow its way out of today's problems and thereby delay the inevitable day of addressing the causes of those problems.

Both American superhawks and superdoves overstate the impact Western policies can have on the Soviet Union. Super-

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hawks argue that the West's arms buildup and its opposition to Soviet aggression in places like Afghanistan were the primary factors that prompted Gorbachev to launch his reforms. Those Western actions were vital on their own merits. But even without those actions Gorbachev would have had to initiate changes because the Soviet economic system was suffering from terminal illness. As a Chinese leader told me in 1985, without reforms the Soviet Union by the middle of the next century would "disappear" as a great power. That made internal change imperative, regardless of Western policies.

Superdoves, on the other hand, believe that we should do anything within our power to help Gorbachev in order to promote peace. But we must realize that whether he succeeds or fails ultimately depends on events and forces within the Soviet Union that we cannot affect. We cannot induce Gorbachev to cast aside his Marxist-Leninist obsession with keeping the state in charge of the economy. We cannot whip the Soviet bureaucracy into shape. We can hardly even make out the patterns of Kremlin political intrigue after the fact, much less lend a helping hand to those whose views and interests seem to parallel ours.

Above all, we must keep Gorbachev's reforms in perspective. He does not want to overturn the Soviet system; he wants to strengthen it. To paraphrase Churchill from another context, Gorbachev did not become general secretary to preside over the demise of the Communist Party. We have an interest in the success of his reforms only to the extent that they change the system to make it less threatening to our security and interests. We should applaud glasnost and perestroika but not pay for them, for if his reforms do not irrevocably alter Soviet foreign policy we will be subsidizing the threat of our own destruction.

IV

Those who parrot today a fashionable slogan—"the cold war is over"—trivialize the problems of Western security. Gorbachev's public relations experts have made many Western policymakers forget that a more benign Soviet image does not mean a more benign Soviet foreign policy. As a result, the race to Moscow is already on. In recent months, Western leaders have jetted off to the Kremlin with planeloads of eager bankers and industrialists in tow, and Soviet leaders have gleefully lined up more than $10 billion in easy credit. Unless the West steps back and designs a coherent strategy, we will squander our

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leverage and lose the historic opportunity presented by events in the Soviet Union.

We should bear in mind a remark made to me in 1953 by Field Marshall Slim, then the British governor-general of Australia. In arguing for a dialogue between the United States and the Soviet Union, he said, "We must break the ice. If we don't break it, we will all get frozen into it so tight that it will take an atom bomb to break it." Today, the ice has broken even before the end of winter. We are witnessing the thaw that brings the promise of spring. While it is a period of great possibilities, we must tread carefully or risk falling into the icy waters.

We have to recognize that the situation we face now is infinitely more complex than the one we faced at the outset of the cold war forty years ago. At that time, the threat was as clear as Stalin's Iron Curtain and his belligerent rhetoric about the inevitability of war, all of which enabled President Truman to prevent a return to isolationism, adopt a policy of containment and win bipartisan support for entry into NATO and unprecedented levels of peacetime defense spending.

Gorbachev has brilliantly changed the game. In Europe, he has discarded the traditional Soviet tactics of diplomatic bluster and military threat and has mastered those of deceptive propaganda and political maneuver. He has substituted the wiles of diplomacy for the threat of force as his chosen instrument for foreign policy conquests. As a result, at a time when Soviet superiority in conventional military forces and in accurate land-based intercontinental ballistic missiles (ICBMs) is larger than ever before, he has made more progress toward the traditional Soviet objective of dividing the NATO alliance than any of his predecessors. We cannot counter his "peace offensive" simply by loudly warning about the military threat of Moscow's Red Army. Instead, we must launch our own political offensive to achieve our strategic and geopolitical objectives.

We will be pursuing those goals in what has become a multipolar world. Japan is already an economic superpower and will inevitably use its economic clout for political effect. Western Europe will become a unified economic market by 1992 and is beginning to intensify its cooperation in political and strategic matters. China, already a major nuclear power and fast becoming a major economic player, will emerge as one of the world's superpowers in the next century.

We can work with all of these new major powers more easily

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than Gorbachev can. Therefore, before the new administration holds a substantive summit with Gorbachev, it should conduct intensive discussions and meetings with our major allies and friends. We should do this not to present Moscow with an antagonistic and belligerent united front but to explore our common interests and to coordinate our policies where possible.

President Bush should continue to reject the advice of those who urge that he schedule a quick summit with Gorbachev in order to have a foreign policy "victory" early in his term. Gorbachev needs a summit far more than the president. Only when the Bush Administration has agreed on a strategy with our allies and has a definite program for making significant substantive progress on major issues should President Bush schedule an American-Soviet summit.

In formulating a strategy, we should begin by estimating what Gorbachev wants, then map out what we want, what trade-offs are possible, and what we can do to put pressure on him to agree to our terms. Most important, we have to recognize that linkage—the linking of progress on one issue to progress on another—is the key to any successful negotiations with Moscow. Kremlin leaders will always explicitly reject linkage, but they always implicitly accept it.

Without linkage, Gorbachev will string together a series of easy victories at the bargaining table. Each superpower has a greater interest in progress on some issues than on others. Gorbachev, for example, will press hard for access to Western capital markets and technology. The United States, on the other hand, has a greater interest in reducing Soviet influence in the Third World through settlements of certain regional conflicts that threaten our interests. Moscow will be more than willing to negotiate solely on the former. If we fail to pursue a determined policy of linkage, Gorbachev will dominate the agenda and make one-sided progress on his top priorities.

Linkage requires subtlety. An American president should not step before the cameras and announce that he intends to hold the next arms control agreement hostage to Soviet capitulation on one or another issue. Nor should the Congress make the mistake of publicly linking U.S. foreign policy objectives to Soviet domestic policy reforms. The Jackson-Vanik Amendment in 1973–74 was a case in point. Its purpose was to force the Soviet Union to increase Jewish emigration, but it had the opposite effect of drastically reducing it. We should vigorously

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press the Soviets in world forums to eliminate their human rights abuses. But we must allow them to appear to do so of their own volition rather than by clumsily making it look as if they did so only because of direct Western intervention in their internal affairs. No great nation can appear to allow its internal policies to be dictated by a foreign power.

We should link progress toward better East-West relations to restraint in Soviet global behavior. If we enter into agreements beneficial to Moscow despite direct or indirect Soviet aggression, we will in effect be giving the Kremlin a green light to assault our interests. If we pursue a determined strategy that includes linkage, we can further our strategic interests in Europe, in arms control negotiations and in the world's key regional conflicts.

V

Europe has again become the central focus of the East-West conflict, and our strategy vis-à-vis the Soviets must change to meet these circumstances. From 1945 to the early 1960s, the European continent was the principal arena of the world ideological struggle. From the early 1960s through the mid-1980s, after the division of Europe had become a settled political reality, the primary fields of conflict—Indochina, the Middle East, southern Africa, the horn of Africa, southwest Asia and Central America—were situated in the Third World. Now Gorbachev has made the Old World the central priority and target of his new foreign policy.

The traditional goal of Kremlin leaders has been to create political fissures between the United States and Western Europe in order to erode the strength of the alliance. Moscow has pursued this objective, at various times, through a strategy of confrontation that seeks to rattle European nerves and demonstrate the unreliability of America as an ally, or through a strategy of condominium with the United States that seeks to weaken European confidence by creating the impression that the superpowers are settling Europe's fate. Gorbachev has adopted the more straightforward tactic of appealing directly to the West Europeans. He has called for the creation of a single "European home" stretching from the Atlantic to the Urals—thus implying that the United States represents an obstacle to peace—and has sought to exploit the West European fatigue after forty years of East-West conflict.

The world of 1949, when NATO was formed, differs pro-

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foundly from the world of 1989. We need a new strategy in Europe—one that enhances the Continent's stability not only through initiatives to revitalize the alliance in Western Europe but also through a sustained effort to foster peaceful change and positive political evolution in Eastern Europe.

The new administration should make Europe its top foreign policy priority. It should call for a major working summit—no black ties and no spouses—to hammer out a strategy for enhancing our collective security. First of all, we should articulate a common analysis of the nature of the Soviet military threat in Europe. Americans, and many Europeans, believe that the Soviet threat remains as great as or even greater than ever, especially because of Moscow's unrelenting buildup of conventional and strategic weaponry. But in recent years there has been a tendency among other West Europeans, especially but not exclusively those on the left, to view the Soviet Union as a stagnant society incapable of threatening the West or even to view Washington's calls for vigilance and readiness as a greater threat to peace than Moscow's armies.

Harold Macmillan once told me that alliances were held together by fear, not love. For many in Europe and the United States, the fear of the Soviet Union has waned, and what love may exist among economic competitors in the West is a very weak glue to hold an alliance together. It is therefore imperative that Western leaders issue a joint statement, in conjunction with its arms control proposals, that educates their publics on the nature and scope of the Soviet threat.

Second, we should agree on ways to defend common Western interests outside of Europe. In 1949 the West faced the threat of a direct Soviet military thrust into central Europe. In recent years, with the East-West competition in Europe focusing on the political plane, Soviet direct and indirect aggression has principally taken place in the Third World. The United States has borne the overwhelming share of the burden in countering Moscow's subversion and proxy warfare to protect regions such as the Persian Gulf, even though the Gulf is far more important to Western Europe than to the United States. Unless we devise a more equitable global security framework, it is inevitable that pressure will build in the United States for a significant reduction of the U.S. troop commitment to NATO.

Third, we should articulate a compelling rationale for NATO's nuclear deterrent and a joint approach for the next round of European arms control talks. At the Reykjavik summit, the

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Reagan Administration undermined public support for nuclear deterrence by advocating the idea of eliminating all nuclear weapons. We must renounce the Reykjavik rhetoric in unequivocal terms and explain to Western publics the realities of the nuclear age. We should pursue the so-called competitive strategies on the conventional level to undercut the significance of Soviet quantitative superiority and thereby raise the nuclear threshold. But nuclear deterrence, both strategic and tactical, remains imperative. Even if conventional arms control succeeds, NATO will have to maintain a residual, even if diminished, tactical nuclear capability in Europe, though the deterrent should be reconfigured to allay West German concerns regarding the bases and targets of these weapons. More important, NATO must arrive at a joint conventional arms control proposal that makes offensive warfare futile and that mobilizes public support for the Western negotiating position. A good beginning has been made in the recent NATO proposal for major cuts in the tank armies in Europe, though a public diplomacy offensive needs to be launched to sell it to Western publics.

Fourth, we must agree on a common approach to East-West trade. We should not provide the Soviet Union with technologies that can significantly improve its military forces. We should also create a joint institution for coordinating and regulating the Soviet Union's access to Western capital markets. It is not in our interest to have Western banks competing to provide the Kremlin with loans at below-market rates. Nor is it in our interest to repeat the mistakes of bankers in the 1970s who lent East European countries tens of billions of dollars that will never be repaid.

Fifth, we should design a common approach to the problem of Eastern Europe. The cold war began in Eastern Europe, and it will not end until Moscow's satellites receive their independence. In the past, it has always been in the West's interest, but not in Moscow's, to address the issue of Eastern Europe. Today, since Gorbachev needs East-West economic links and reduced tensions for perestroika to succeed, a new settlement is in the Kremlin's interest as well.

Without a political settlement in Eastern Europe, no stable, enduring improvement in East-West relations is possible. Postwar history is the story of continual attempts by the East Europeans to wrest their freedom from Moscow. The workers' uprising in East Germany in 1953, the popular rebellion in Hungary in 1956, the Prague Spring in 1968, the Solidarity

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movement in Poland in 1980, and the scores of other smaller incidents of open opposition all testify to the popular determination to be free. All these outbursts had to be suppressed directly or indirectly by Soviet arms, and all those interventions destroyed the prospects for an immediate improvement in East-West relations.

That pattern could soon recur. Eastern Europe has become an economic and political powder keg waiting to blow up. Today, the tectonic plates of East European nationalism and Soviet expansionism have built up enormous pressure as they have pushed against each other. We have seen the first tremors in the rise of East European dissident and reform movements. But a political earthquake is inevitable in the 1990s. If Moscow responds with military force, it will mean a return to sharper tensions in East-West relations and an abortion of Gorbachev's reforms.

If we want to avoid this grim scenario, we must work on three fronts.

First, the West should press for peaceful change in Eastern Europe. We should continue to exploit modern means of mass communication to break the grip of the East European regimes over their peoples. Radio Free Europe has been one of our most effective programs in the East-West struggle. In the 1990s we should establish direct television transmissions via satellite into these countries. We should also provide material support to those behind the Iron Curtain who are pressing for peaceful change, with Western trade union support to the Solidarity movement in Poland serving as a model.

Second, the West should continue its policy of differentiating between those East European regimes which demonstrate a willingness to enact reforms that move their countries toward political pluralism and those which do not. For those leaders who liberalize their regimes, we should make available economic credits, more advanced technology and debt rescheduling, while the others should be left to fend for themselves.

Third, the United States should put Eastern Europe on the U.S.-Soviet agenda. In Yugoslavia last year, Gorbachev signed a declaration that stated that "no one has a monopoly on truth" and that foreign powers had no "claim on imposing their notions of social development on anyone." We should insist that Kremlin leaders back up their words with deeds. We could even propose the neutralization of Eastern Europe along the lines of the Austrian Peace Treaty of 1955, with an interim

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agreement that leaves the military structure of the Warsaw Pact intact but that would allow the East European peoples to choose their own forms of government through genuine elections.

Eastern Europe is the natural field for political initiatives by Western Europe. Our allies' historical fatigue stems in part from the fact that for forty years their role has been defined by a negative mission—stopping further Soviet expansion. It can be cured by devoting energy to the positive mission of promoting peaceful change beyond the Iron Curtain. Holding the line against the Red Army has principally involved sacrifice and risk, but supporting the development of pluralism under the nose of the Red Army requires ingenuity and inspiration. It is a task that will not only enhance Western Europe's security but also help to restore its sense of purpose.

VI

Arms control should be treated as only one part of Western defense policy and not vice versa. Arms negotiations are a political imperative, indispensable in holding the NATO alliance together and for winning support in Congress for adequate defense budgets. For too long, however, many Western leaders have endorsed arms control as an end in itself, regardless of the impact that particular agreements would have on our strategic position. Moscow, on the other hand, has traditionally sought to use arms control to achieve political and strategic ends—to lull the West into a false sense of security, to limit developments in American weapons technology, and to preserve or increase Soviet advantages in weapons deployments. It is time for the United States to borrow a page from the Kremlin's negotiating handbook.

Since Soviet superiority in conventional arms represents the greatest threat to Western security, cuts in those forces should be the top priority of Western arms control strategy. Moscow's main goal is to reduce the numbers of strategic nuclear weapons and to stifle the Strategic Defense Initiative (SDI) while preserving its advantage on the conventional level, because that would maximize the political importance of its conventional superiority. Therefore, it is imperative that the United States link progress in the Strategic Arms Reduction Talks (START) to progress in conventional arms control negotiations.

Western conventional arms control proposals should focus geographically on the European central front, the most mili-

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tarily congested territory in the world, and should seek to reduce those weapons that are most useful for offensive warfare. These should include at a minimum reductions in tanks and self-propelled artillery even beyond those proposed by Gorbachev at the United Nations. The weapons must be destroyed rather than pulled back into the Soviet Union; otherwise Moscow could redeploy them in a matter of days. In addition, military bases and supply depots should be relocated away from the front in order to make surprise attacks more difficult. NATO governments must insist in arms control talks that Gorbachev fulfill his pledge to accept "asymmetrical reductions" on the conventional level.

Gorbachev's rhetoric about reconfiguring Warsaw Pact forces to fit a "defensive" doctrine has been all talk and no action. His pledge in his recent U.N. speech to demobilize 500,000 troops and retire 10,000 tanks represents a significant symbolic gesture. But we must not pretend that it solves the security problem posed by the Warsaw Pact's tank armada (currently about 53,000).[1] Thus, if the 5,000 tanks withdrawn from East Germany, Czechoslovakia and Hungary are not destroyed but simply parked on the Soviet side of the border, they can be redeployed rapidly. Even if the tanks were destroyed, the Warsaw Pact's tank advantage would drop only slightly.

In addition to linking the strategic and conventional arms control talks, the new administration should redirect the U.S. approach to the START negotiations.

Our problem on the strategic level, which began in the mid-1970s and threatens to become much worse in the 1990s, is the growing vulnerability of our land-based missiles and command-and-control systems to a first-strike attack by the most accurate and powerful Soviet missiles. The Reagan Administration's effort to cut strategic forces by 50 percent focused too much on simply reducing the total number of strategic weapons instead of reducing the vulnerability of U.S. strategic forces and thereby enhancing strategic stability. The real test is not whether the treaty reduces the number of nuclear weapons but whether it reduces the likelihood of nuclear war. We must ultimately judge the value of any START agreement by whether it increases the security of our strategic forces and

[1] *The Military Balance 1988–1989*, London: The International Institute for Strategic Studies, 1988, p. 237.

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decreases the incentives for either side to resort to nuclear weapons in a crisis.

That is where the current START formula falls short. Under its terms, both sides would reduce their arsenals to 1,600 launchers including heavy bombers, ICBMs and submarine-launched ballistic missiles, and to 6,000 warheads, of which only 4,900 would be permitted on ballistic missiles. While such radical reductions might be politically appealing, close scrutiny shows that they actually increase the vulnerability of U.S. forces. Moscow would retain a land-based ICBM force composed almost entirely of the newer SS-18, SS-24 and SS-25 missile launchers, all of which are first-strike weapons. At the same time, the cuts would reduce the number of targets inside the United States that would have to be destroyed for a first strike to succeed. Assuming that after reductions the United States would choose to retain its most accurate and modern weapons, the ratio of Soviet first-strike warheads to U.S. first-strike targets would grow drastically worse. In addition, the prospective reductions would restrict the deployment of our most capable and survivable force, the fleet of Trident II submarines, to no more than 17 boats. As a result, this force could well become vulnerable, for some number will always be in port or off-line, and the remainder, reduced to, say, ten boats, will be tracked by Moscow's fleet of 270 attack submarines.[2]

Some argue that these issues do not matter, because under the proposed START agreement we would be allowed to reconfigure our strategic forces to account for the new ceilings. They contend that we could build a new fleet of smaller submarines that would carry fewer missiles and a new generation of land-based missiles that would carry fewer warheads. This argument is flawed for two reasons. First, the START force reductions are to be carried out over seven years, while any programs to develop and deploy entire new strategic systems would take a decade or more. Second, it is totally unrealistic to think that Congress, which expects arms control to produce cuts in the defense budget, would vote to increase military spending by the tens of billions of dollars necessary to overhaul completely our strategic force posture.

Instead of seeking an arbitrary 50-percent reduction, the Bush Administration should consider adopting a two-part pro-

[2] Edward L. Warner III and David A. Ochmanek, *Next Moves: An Arms Control Agenda for the 1990s*, New York: Council on Foreign Relations, 1989, pp. 46–47.

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posal, with the first level designed to meet minimum U.S. requirements and to produce a quick interim agreement and the second level directed to major reductions in first-strike weapons. In formulating our proposal for the first stage, we should calculate what kind of strategic force posture our security requires and propose launcher and warhead ceilings that could involve some reductions from present levels but would not impede the necessary U.S. weapons programs, particularly the mobile Midgetman missile. In addition, since the United States observed and the Soviet Union ignored the modernization restrictions of the treaties negotiated in the Strategic Arms Limitation Talks, this initial agreement would permit unrestricted modernization.

After the completion of the interim agreement, the two sides would focus on the far more difficult objective of increasing strategic stability by reducing the number of warheads on both sides capable of destroying hardened military targets in a first strike. Both superpowers would be allowed to retain an equal number of counterforce warheads. But the level of these most threatening weapons would be scaled back dramatically—far more than by the current START proposal. This should involve a 75-percent cut from the present level of such Soviet weapons and should also require reductions in planned deployments of comparable U.S. weapons, such as the MX, the Midgetman and the Trident II D-5 missiles.

This second agreement would also address the issue of strategic defense. As long as the Soviet Union possesses its formidable arsenal of first-strike weapons, the United States must press forward with SDI. Our position should be that research, development, testing and deployment of defensive systems is not negotiable. Only the *extent* of our deployments should be subject to limitation through mutual agreement, and those deployments should be calibrated to the extent of the Soviet counterforce threat.

A two-stage approach along these lines offers the best prospects for successful nuclear arms control. It would enable Presidents Bush and Gorbachev to conclude quickly an interim agreement capping the number of launchers and warheads, though unlike the current START formula the accord would not inhibit U.S. weapons programs needed to redress the asymmetry in strategic vulnerability and the imbalance in counterforce weapons. It would also create a stable foundation for a treaty to enhance strategic security by reducing the number

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of counterforce systems to levels that make a successful first-strike attack on the other side's strategic forces militarily infeasible.

VII

The two regional conflicts requiring immediate presidential action, Afghanistan and Central America, represent opposite poles in American policy. Our program to aid the Afghan resistance has received bipartisan support, has operated continuously for almost a decade and verges on ultimate success. Our assistance to the Nicaraguan freedom fighters has been subjected to partisan bickering, has been at best episodic and has failed so far. In distant Afghanistan, we learned that a sustained, bipartisan program of large-scale assistance to anticommunist freedom fighters can produce major geopolitical gains. We should apply the same lesson to the nearby and strategically critical conflict in Central America.

In Afghanistan, as Moscow's tanks retreat, one round of the great game closes—but yet another begins. Our goal has been twofold, to force the Soviet Union to withdraw and to restore the Afghan people's right to self-determination. Achieving the former does not automatically accomplish the latter. First of all, the communist regime in Kabul must be replaced. The best solution would be the removal of the Soviet puppet regime through the direct talks now taking place between Moscow and the resistance leadership. But should those talks stall or fail we must continue to provide whatever kinds of weapons the resistance requires to topple the Kabul regime. Since the character of the fighting has changed from guerrilla warfare to battles for taking and holding cities, the United States must upgrade its assistance quantitatively and qualitatively, particularly in terms of antiaircraft missiles, long-range mortars, and mine-clearing devices and equipment.

It does not serve American, or Afghan, interests for the United States to disengage before a political process is in place that will establish real self-determination for the Afghan people themselves. If the country collapses into a civil war with dozens of tribal warlords ruling their separate fiefdoms, the Kremlin will seize this as a lever to regain a measure of influence by supporting one or another group in the fighting or by declaring the need to keep forces in a "security zone" in northern Afghanistan. Therefore, at a time when our weapons pipeline still gives us influence, we need to address directly the critical

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issue of establishing, through the traditional Afghan means of a tribal assembly and through elections, a post-communist government that truly represents the people.

Central America poses far more difficult and, from the U.S. point of view, far more critical problems. Our interests are not threatened by Nicaragua simply because its government systematically violates human rights and spouts anti-American rhetoric. A dictatorship, even a totalitarian one, does not threaten our interests per se. Rather, the Sandinista regime threatens our interests only because Managua has forged links with the Soviet Union and has become a base for indirect Soviet subversion of other Central American states such as El Salvador. The problem is not that the Nicaraguan government is communist but that the communist government of Nicaragua is inherently expansionist. As the Sandinistas freely admit, and even boast, they seek "a revolution without frontiers" in Central America and insist on the right to aid communist guerrillas in neighboring countries.

At the first opportunity, the Bush Administration must impose linkage between the issue of Soviet access to U.S. capital, credits and technology and that of Soviet military assistance to Managua. Gorbachev must be made to understand that Nicaragua is a neuralgic issue for us. While academics might debate whether the Monroe Doctrine has become obsolete, the United States cannot allow the Soviet Union or any other foreign power to provide arms to a virulently anti-American and aggressive regime in the western hemisphere. Given the Soviet economy's pathetic condition, our economic power represents tremendous leverage. If we link these issues, we should be able to profit politically, as well as economically, from our economic relationship with the Soviet Union.

At the same time, we must recognize that the Sandinista leaders have made a mockery of the Arias peace plan, despite the cutoff of U.S. assistance to the contras. Managua permits fewer civil liberties and holds more political prisoners today than it did when the so-called process of democratization began. In its direct talks with the contras, it has in effect demanded surrender, rather than opening the way to a political compromise. Moreover, the Nicaraguan-backed communist guerrillas in El Salvador have dramatically stepped up their terrorist and military attacks.

The Bush Administration must determine, once and for all, the viability of the Arias peace plan. If the Sandinista-contra

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talks cannot achieve their objective, they should be ended. Since endless negotiations work to the advantage of the Sandinistas, the United States should undertake a final, 90-day effort to breathe life into the peace process. If that fails to produce a concrete, workable plan for genuine democracy in Nicaragua, the president should request from Congress a major military and humanitarian aid package for the contras. Coupled with the effort to cut off Soviet aid to Managua through superpower talks, this policy would represent a pincer movement against the Sandinistas, with Moscow putting the squeeze on one end and the contras on the other.

The United States today faces a clear choice: Do we oppose communist subversion in a series of protracted wars throughout Central America or at its source in Nicaragua? Managua's leaders are avowedly committed to supporting anti-U.S. insurgencies throughout the region. If Nicaragua becomes a safe haven and an arms conduit for communist guerrillas, we will be doomed to decades of facing the messy problems of advising our friends in counterinsurgency warfare.

VIII

Revitalizing the Western alliance, redirecting the arms control process, and resolving the critical regional conflicts in Afghanistan and Nicaragua should represent America's immediate foreign policy priorities. Gorbachev's admission of Soviet economic failure and his need for a breathing spell in the East-West competition so perestroika can take root creates an excellent opportunity for the United States not only to enhance the West's security but also to promote a more stable peace through a determined strategy.

This is not to say that Moscow's economic failures will make Gorbachev a pushover. His toughness and intelligence will more than compensate for his country's economic weakness, and his consummate ability in diplomacy and political maneuver will guarantee that he seldom winds up with the short end of a deal. If Western leaders want to avoid being taken to the cleaners, they must understand what Gorbachev wants and how the West should respond.

On his first priority, strengthening the Soviet Union's economy, he will seek free access to Western capital and technology. The United States, Western Europe and Japan must coordinate their policies so that the West exploits its economic power for political effect. We should go forward with unsubsidized trade

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in nonstrategic goods on a cash-and-carry basis. But until the Soviet Union overhauls its domestic economic system and discontinues its aggressive policies, it is not in our interest to bankroll reforms that will either squander our loans or bolster our adversary.

On his second priority, ending the Soviet Union's international isolation, Gorbachev will seek to separate the United States from Europe, particularly Germany, and to open a new relationship with China. We must undertake a new effort to reinvigorate the Western alliance and to infuse Western Europe with the positive purpose of fostering peaceful change in Eastern Europe. If Gorbachev satisfies China's "three obstacles," we should welcome a normalization of Sino-Soviet relations. We can be confident that, since China's top priority remains economic development, our relations with Beijing will continue to be closer than the Kremlin's.

On his third priority, arms control, he will seek new agreements that will reduce strategic weapons stockpiles but preserve the present Soviet advantage in counterforce capability. In order to reduce the main threat to the West—Moscow's conventional superiority—we must link progress in START to progress on conventional arms control. We must also recast our strategic arms negotiating positions so that a START treaty will enable us to restore the counterforce balance and eventually to enhance strategic stability.

On his fourth priority, prevailing in Third World conflicts, he will seek agreements that appear to settle the conflicts but that actually keep his client regimes in power. We possess the leverage necessary for the freedom fighters in Afghanistan, Nicaragua and Angola to prevail. We must never sign an agreement with the Soviet Union that undercuts, militarily or politically, those relying on our support, and we must exploit linkage to promote the retraction of the Soviet empire.

In the short run, we can sympathize with the thrust behind many of Gorbachev's aspirations. We both want to reduce military competition and the danger of nuclear war. We certainly should applaud those of Gorbachev's reforms that reduce, even marginally, the repression and poverty which plague the people of the Soviet Union. At the same time, we must keep in mind that in the long run the goals of the two sides diverge diametrically. Gorbachev wants reform because he wants a stronger Soviet Union and an expanding Soviet empire.

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We should support those reforms in the hope of making the Soviet Union less repressive at home and less aggressive abroad.

As the outpouring of sympathy and support for the victims of the Armenian earthquake so vividly demonstrated, there is a great well of friendship for the Russian people in the United States. The people of the United States and the people of the Soviet Union can be friends. Because of our profound differences, the governments of our two nations cannot be friends—but we cannot afford to be enemies. Gorbachev's historic challenge is to implement reforms that will remove those differences.

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CHRONOLOGY 1988

Edited by Peter Hayes

THE UNITED STATES
(See also country, regional and topic entries.)

JAN. 25. President Ronald Reagan delivers 7th State of Union address to Congress. He calls on Senate to ratify Intermediate-range Nuclear Forces (INF) Treaty and free trade agreement with Canada.

FEB. 2. FBI Director William Sessions, testifying before a closed-door meeting of Senate Select Committee on Intelligence, explains a 1983–85 "full international terrorism investigation" FBI carried out on a liberal political group, the Committee in Solidarity with the People of El Salvador (CISPES) and more than 100 other groups including church organizations and trade unions.

FEB. 3. Senate votes 97–0 to confirm Judge Anthony Kennedy as an associate justice of Supreme Court.

FEB. 18. President Reagan submits to Congress a $1.09-trillion proposed budget for fiscal year 1989, in conformance with a deficit-reduction schedule approved by Congress in late 1987.

MAR. 14. US Senate unanimously ratifies international treaty to curb use of chlorofluorocarbons (CFCs), thought to deplete ozone layer of Earth's atmosphere. The treaty, drafted in Montreal 9/87, calls for use of CFCs to be reduced by 50% by 1999, and must be approved by 11 of 31 signatory countries, representing at least two-thirds of participating countries' production, in order to go into effect.

MAR. 16. Federal grand jury in Washington indicts former National Security Council staff member Col. Oliver North, former National Security Adviser Rear Adm. John Poindexter, retired Air Force Gen. Richard Secord and Iranian-American businessman Albert Hakim on charges of conspiring to defraud US government by unlawfully providing funds and supplies to Nicaraguan contras.

APR. 21. House of Representatives passes trade legislation 312–107, despite President Reagan's threat to veto bill. Trade bill is aimed at forcing tougher US response to unfair foreign trade practices and expanding presidential authority to negotiate bilateral and multilateral trade agreements. Senate passes 4/27 by vote of 63–36. President Reagan vetoes measure 5/24 because of provisions requiring 60 days notice of industrial plant closings or layoffs and restricting export of Alaskan oil; House of Representatives immediately votes 308–113 to override his veto; Senate 61–37 vote against veto 6/8 falls short of necessary two-thirds of Senators.

MAY 4. US amnesty program for illegal aliens to apply for legal residence status ends, except for temporary exclusions for aliens who had violated student or tourist visas by working, or who have US-born children and receive welfare. Nearly 1.4 million illegal aliens claiming residence in US since 1/1/82 had applied since 5/5/87.

MAY 11. House of Representatives passes $299.5-billion defense authorization for fiscal year 1989 by 252–172 vote; Senate passes legislation with same spending ceiling but slightly different provisions 5/27 by voice vote. House/Senate conference report reconciling both versions is completed 7/7; passes House 7/14 by vote of 229–183, Senate same day by vote of 64–30. President Reagan vetos authorization 8/3, saying the bill would weaken defense by allocating less than he had requested for SDI and MX programs.

MAY 19. Colombian drug trafficker Carlos Lehder Rivas is convicted of smuggling cocaine into US, after a 7-month trial in Jacksonville, Florida. Sentenced 7/20 to life plus 135 years in prison, without possibility of parole, and fined $350,000.

JUNE 24. Two Egyptian military officers, Lt. Col. Mohammed Abdella Mohammed and Col. Hussam Yossef, and 3 Americans are charged by US Department

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of Justice with conspiring to smuggle high-tech materials to Egypt for use in building advanced ballistic missiles. Americans are arrested; Lt. Col. Mohammed, a military attaché at Egypt's Washington embassy, is arrested but recalled to Egypt 6/28; Col. Yossef is not apprehended.

JULY 13. House of Representatives passes, by vote of 376–45, revised trade legislation identical to bill vetoed 5/24 except lacks plant-closing notification requirement and Alaskan oil export restriction. A separate bill requiring plant-closing notification is passed by Senate 7/6 by vote of 72–23; passes House 7/13 by vote of 286–136; President Reagan announces 8/2 that he will not veto plant-closing notification bill, allowing it to become law without his signature. The Senate passes new trade bill 8/3 by a vote of 85–11. President Reagan signs trade bill 8/23.

JULY 18. Democratic Party national convention meets in Atlanta; 7/20 nominates Governor Michael Dukakis of Massachusetts for president; 7/21 nominates Senator Lloyd Bentsen of Texas to be vice-presidential candidate.

AUG. 15. Republican national convention meets in New Orleans; 8/17 nominates Vice President George Bush for president; 8/18 nominates Senator James Danforth (Dan) Quayle of Indiana for vice president.

SEPT. 13. President Reagan orders release to UN of $44 million in dues that had been held in escrow for fiscal year 1988, also directs that $144 million due 10/1, at start of fiscal year 1989, should be paid, and that State Department should draw up a multiyear plan for repayment of $520 million in back dues owed to UN.

SEPT. 14. New $299.5 billion version of the defense authorization bill, negotiated with Defense Secretary Frank Carlucci, passes Congress, House by vote of 386–26 and Senate by voice vote. President signs 9/29.

SEPT. 20. UN convenes 43rd General Assembly in New York. Argentine Foreign Minister Dante Caputo is elected president of the assembly. President Reagan addresses assembly 9/26, saying farewell and urging international effort to curb use of chemical weapons.

SEPT. 29. US launches space shuttle *Discovery*, carrying 5 crewmen. The shuttle, first to be launched since explosion of *Challenger* in 1986, lands successfully 10/3.

SEPT. 30. Senate and House of Representatives pass a $14.3 billion foreign aid bill that includes $1.2 billion in economic aid and $1.8 billion in military aid for Israel, $815 million in economic assistance and $1.2 billion in military support for Egypt, and $50 million as a first-year payment as part of a recapitalization of World Bank. President Reagan 10/1 signs bill, which is final appropriations bill for fiscal year 1989. 100th Congress adjourns 10/22.

OCT. 11. A US federal grand jury in Tampa indicts Luxembourg-based Bank of Credit and Commerce International on charges of conspiring to launder over $32 million in profits from US cocaine sales by Colombia's Medellín drug cartel.

OCT. 21. Deposed Philippine President Ferdinand Marcos, his wife Imelda and 8 associates, including Saudi Arabian businessman Adnan Khashoggi, are indicted in New York on charges of racketeering, including theft of money from Philippine government beginning in 1972 and its illegal transferal to US.

OCT. 28. US Treasury reports that federal budget deficit for 1988 was $155.1 billion, exceeding $146–billion limit set by Gramm-Rudman deficit-cutting legislation.

NOV. 8. In US presidential elections, Republican candidate Bush defeats Democrat Dukakis by a margin of 53.4%-45.7% in popular vote. In electoral college, Bush wins 426 votes to Dukakis' 112. Democrats gain one seat in Senate, to give them a new majority of 55–45; Democrats also gain 3 seats in House of Representatives, for a majority of 260–175. The Democrats also pick up one gubernatorial seat, giving them a total of 28 governors to Republicans' 22. Bush 11/9 announces that he will name former Treasury Secretary James Baker to be his secretary of state. Bush 11/15 announces that Nicholas Brady will stay on as his treasury secretary; 11/17 names New Hampshire Governor John Sununu to be his chief of staff. Bush 12/6 announces that William Webster will continue as Director of Central Intelligence.

DEC. 2. Space shuttle *Atlantis* is launched from Cape Canaveral on a secret mission, reportedly placing in orbit a radar reconnaissance satellite 12/3. The shuttle and its 5 crewmen safely return to earth 12/6.

DEC. 16. President-elect Bush announces he will nominate former Texas Senator

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John Tower as secretary of defense. Bush 12/23 names Brent Scowcroft to be national security adviser.

DEC. 21. The UN General Assembly votes unanimously to approve revised budget for 1988 and 1989 and draft budget for 1990 and 1991, designed to make organization more efficient by cutting staff and reducing spending.

THE UNITED STATES AND THE WORLD ECONOMY

JAN. 2. President Reagan and Canadian Prime Minister Brian Mulroney sign US-Canadian trade accord, Reagan in Palm Springs, California, Mulroney in Ottawa. Accord remains subject to approval by federal legislatures of both countries before scheduled effective date of 1/1/89.

JAN. 29. US government announces it will end special trade privileges, granted under Generalized System of Trade Preferences, for Hong Kong, Singapore, South Korea and Taiwan, under which they had been able to export many products duty free to US. US trade deficit with these countries was $37.2 billion in 1987.

FEB. 22. Executive directors of World Bank agree to $74.8-billion increase in bank's capital base, bringing total to $171 billion. US is required by plan to subscribe $13.6 billion of increase, or approximately 18.2%.

APR. 13. Finance ministers and heads of central banks of Group of Seven leading industrialized nations (US, Britain, Canada, France, Italy, Japan, West Germany) meet in Washington, pledge to support a stable US dollar.

APR. 14–15. International Monetary Fund and World Bank hold semiannual joint meeting in Washington. IMF rejects Debt Adjustment Facility designed to buy Third World debt at discount and pass savings on to debtor nations. World Bank announces activation of Multilateral Investment Guarantee Agency to insure private investors against risks arising from armed conflict or legal and administrative actions taken by debtor governments.

MAY 2. Trade talks between representatives of US and South Korea open in Seoul. The South Koreans agree 5/6 to lower tariffs on imported American cigarettes and to remove import bans on 7 agricultural products.

MAY 18. Finance ministers from 24 member nations of Organization for Economic Cooperation and Development (OECD) convene their annual meeting in Paris. In a communiqué issued 5/19, ministers agree to seek a "framework approach" by end of 1988 to address conflicts over various countries' farm support policies.

JUNE 13. Finance ministers of European Community member states vote to remove all restrictions on movement of capital within EC by 1992.

JUNE 19. Leaders of Group of Seven nations meet for annual economic summit in Toronto. Political communiqué issued 6/20 supports expanded East-West trade and continued reductions in US-Soviet nuclear arsenals. Economic communiqué issued 6/21 argues for stable US dollar and reaffirms present economic policies of participating nations. Before adjourning, leaders praise administration of Reagan, who is attending final economic summit of his term.

JUNE 20. US and Japan sign agreement that would remove Japanese trade restrictions on imported US beef and citrus products. US Trade Representative Clayton Yeutter estimates that annual Japanese imports of products covered in agreement will double to US $1 billion by time agreement comes into effect in 1991.

JULY 11. Central bankers from 12 leading industrial countries (US, Japan, West Germany, Britain, France, Canada, Italy, Sweden, Netherlands, Belgium, Switzerland and Luxembourg) meet in Basle, Switzerland, and agree to minimum international capital requirements for banks.

AUG. 9. House of Representatives 8/9 approves US-Canadian trade pact by vote of 366–40. Canadian House of Commons approves accord 8/31, by a vote of 177–64. US Senate passes bill 9/19, by a vote of 83–9, and President Reagan signs 9/28.

SEPT. 27–29. International Monetary Fund and World Bank hold annual joint meeting, in West Berlin. Managing director of IMF, Michel Camdessus, suggests that IMF's Special Drawing Right (SDR) be used to some extent to replace US dollar as world's reserve currency. Bank of Japan Governor Satoshi Sumita proposes

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that bank loans to major debtors be converted to long-term bonds. US Treasury Secretary Nicholas Brady criticizes both ideas.

SEPT. 28. President Reagan vetoes bill to restrict imports of textiles, clothing and shoes, calling it "protectionism at its worst." A 272–152 vote in House 10/4 fails by 11 votes to override veto.

NOV. 28. Organization of the Petroleum Exporting Countries (OPEC), meeting in Vienna, agrees to new production targets designed to raise the price of oil by about $6 per barrel during first half of 1989, from current level of approximately $12 per barrel.

DEC. 5. At 5-day meeting of General Agreement on Tariffs and Trade in Montreal, designed to establish negotiating guidelines for next 2 years of Uruguay Round of trade talks, US and EC announce agreement to cut tariffs modestly on many Third World Agricultural exports. Meeting enters 24-hour continuous session 12/8 to debate agricultural support programs, which US proposes phasing out and EC has offered to cut substantially, but not eliminate. Meeting ends without agreement 12/9; members instruct GATT Director General Arthur Dunkel to conduct 4-month reassessment of Uruguay Round. EC 12/10 announces ban on importation of US meat from cattle treated with growth hormones, to go into effect 1/1/89, despite worries it will spark trade war.

DEC. 24. Canadian House of Commons votes 141–111 to approve US-Canadian free trade legislation, clearing agreement to go into effect 1/1/89.

WESTERN EUROPE AND CANADA

JAN. 5. Trial of Abbas Ali Hamadei begins in Düsseldorf; Hamadei is charged with smuggling explosives and helping kidnap 2 West German citizens in Lebanon in attempt to force West Germany to free his brother, Mohammed Ali Hamadei, who is charged with the 1985 hijacking of a Trans World Airlines jet to Beirut. Abbas Ali Hamadei is found guilty 4/19 and sentenced to 13 years in prison.

JAN. 11. US Secretary of State George Shultz visits Ottawa; he and Canadian Foreign Minister Joe Clark sign accord by which US promises to send no icebreakers through Canada's Arctic Northwest Passage without permission from Canada. Agreement does not apply to US nuclear submarines, and does not constitute recognition of Canada's claim to the waters.

JAN. 15. US and Spain announce that US, at Spain's request, will remove its 72 F-16 fighter-bombers from Torrejon air force base near Madrid over next 3 years.

JAN. 22. French President François Mitterrand and West German Chancellor Helmut Kohl sign agreement formally establishing Franco-German councils on defense and economic issues. They agree to set up a 2,000-man joint brigade stationed in Böblingen, West Germany.

JAN. 25. British Attorney General Sir Patrick Mayhew announces in House of Commons that UK government will not prosecute members of Royal Ulster Constabulary for allegedly adopting a "shoot-to-kill" policy against suspected terrorists in 1982. British Court of Appeals 1/28 refuses retrial for 6 Irish citizens convicted in 1974 Birmingham pub bombings despite emergence of new forensic evidence.

JAN. 31. Turkish Prime Minister Turgut Özal and Greek Prime Minister Andreas Papandreou meet during annual World Economic Forum held in Davos, Switzerland. They issue a communiqué in which they pledge to establish ambassador-level joint committees to explore cultural and economic cooperation, and to prevent divided island of Cyprus from becoming a "Greek-Turkish issue," suggesting dispute be handled by UN.

JAN. 31.-FEB. 1. Finnish President Mauno Koivisto wins 47.9% of popular vote in presidential elections; is reelected to a 2nd 6-year term 2/15 by electoral college.

FEB. 9. International panel of historians assigned by Austrian government to investigate charges that President Kurt Waldheim was connected with war crimes committed by German army units with which he served in World War II finds that Waldheim did not commit any crimes himself, but that he had since misrepresented his war record. Waldheim 2/15 declares report contains nothing that would cause him to resign.

FEB. 10. Italy's Prime Minister Giovanni Goria resigns after losing several parliamentary votes on 1988 budget. Goria and his 5-party coalition government agree

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to stay on in caretaker capacity. President Francesco Cossiga 2/13 asks Goria to stay on until parliament passes 1988 budget.

FEB. 13. Emergency summit of leaders of European Community (EC) nations announces agreement on farm support reforms and aid to poorer member nations.

FEB. 13–28. XV Winter Olympic Games in Calgary, Canada.

FEB. 14. Spyros Kyprianou, president of Republic of Cyprus for past 11 years and presidential candidate of governing Democratic Party, is eliminated in first round of presidential voting. George Vassiliou, independent candidate backed by communist Progressive Party of the Working People, defeats Glafkos Cerides, candidate of rightist Democratic Rally, in 2/21 runoff election. Vassiliou had stressed his "open-mindedness" on question of relations with Turkish Republic of Northern Cyprus.

MAR. 3. Merger in Britain of Liberal Party and Social Democratic Party is made formal with launching of a new party, Social and Liberal Democratic Party.

MAR. 6. British security forces in Gibraltar shoot and kill 3 unarmed Irish Republican Army members, later charging that they were planning a car bomb attack. Irish Prime Minister Charles Haughey 3/8 protests killing of suspects. At 3/16 funeral for slain IRA members in Belfast, a Protestant gunman attacks crowd with grenades and an automatic pistol, killing 3 and injuring 50 before being beaten by crowd and arrested by police.

MAR. 11. Italian Prime Minister Goria resigns for second time after losing cabinet debate over whether to allow construction of a nuclear power plant near Rome.

— The European Space Agency launches an Ariane-3 rocket carrying 2 telecommunications satellites from Kourou space center in French Guiana.

MAR. 19. Two British soldiers, their car apparently blundering into an IRA funeral procession for one of 3 people killed at 3/16 funeral for IRA members shot in Gibraltar, are set upon by crowd, beaten and later killed.

APR. 13. Ciriaco De Mita, head of Christian Democratic Party, is sworn in as Italian prime minister, at head of a coalition government composed of Christian Democrats, Socialists, Social Democrats, Republicans and Liberals. An adviser to De Mita, Senator Roberto Ruffilli, is shot to death 4/16; responsibility for killing is taken by Fighting Communist Party section of Red Brigades.

APR. 14. Four persons, including a US navy petty officer, are killed when a bomb explodes outside a United Service Organization (USO) club in Naples. Italian authorities 4/15 announce they are searching for Junzo Okudaira, a member of radical Japanese Red Army with ties to Lebanese Shi'ite Muslim groups, in connection with attack.

APR. 24. In preliminary round of French presidential voting, President Mitterrand captures 34% of votes and his conservative premier Jacques Chirac 20%, meaning they will compete in a runoff election. Conservative independent Raymond Barre wins 16.5% of ballots, right-wing candidate Jean-Marie Le Pen takes unexpectedly high 14.5%, and Communist Party candidate André Lajoinie gains just 6.7%. In second round of voting 5/8, Mitterrand captures 54%, Chirac 46%. Mitterrand 5/10 names Michel Rocard, a moderate Socialist, to succeed Chirac as premier. Mitterrand dissolves National Assembly and schedules parliamentary elections for 6/5 and 6/12.

APR. 27. Canadian Prime Minister Brian Mulroney arrives in Washington for 4th annual summit with President Reagan. Mulroney addresses Congress 4/27, urges progress on acid rain control. Meets with Senate leaders 4/28 to encourage passage of US-Canadian trade accord.

MAY 1. Off-duty British serviceman is killed in a shooting outside a pub in Roermond, Netherlands, and two others are killed in a car bombing in nearby Nieuw Bergen. IRA takes responsibility for attacks.

MAY 9. Wilfried Martens of Christian Democratic Party is sworn in as prime minister of Belgium, ending 5 months of caretaker government resulting from inconclusive 12/87 elections. Martens, leader of a center-right coalition before elections, forms center-left coalition.

MAY 10. Parliamentary elections in Denmark, called because of disputes over a Danish ban on port visits by ships carrying nuclear weapons, leaves governing coalition of Conservative Prime Minister Poul Schlüter 4 seats short of a majority. Schlüter resigns 5/11, but succeeds in forming government 6/3; announces 6/7 that new coalition has reached compromise to support nuclear ship ban.

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MAY 13. Britain and Ireland announce they have reached an agreement to allow for extradition to Britain from Ireland of persons suspected of terrorist offenses in Britain.

MAY 16. Britain, West Germany and Italy sign an agreement to join with Spain in a joint project to build new-generation European Fighter Aircraft (EFA). Britain and Germany are each to have 33% interest in $70-billion program to build 700 to 800 fighters, Italy 21% and Spain 13%.

JUNE 5. In first round of 2-round French parliamentary elections Conservative grouping of Rally for the Republic and Union for French Democracy captures 40.5% of vote, Socialist Party of President Mitterrand 37.5%, Communists 11.3% and far-right National Front 9.6%. After second round of voting 6/12 neither Socialist Party nor conservative coalition emerges with parliamentary majority: Socialists garner 276 seats, RPR and UFD together win 271, Communists 27 seats and National Front one seat. Premier Rocard forms new government 6/28.

JUNE 12–16. Worldwide conference of over 6,000 AIDS researchers held in Stockholm. Dr. Jonathan Mann, head of World Health Organization's AIDS program, says 6/12 at least 5 million people in 130 countries are now infected with AIDS virus.

JUNE 13. Irish district court refuses to extradite a suspected IRA terrorist, Patrick McVeigh, wanted in Britain in connection with bombings committed between 1981 and 1983. Six British soldiers are killed 6/15 when a bomb explodes at headquarters of British Army in Lisburn, Northern Ireland.

JUNE 15. European Space Agency launches new-generation Ariane-4 rocket from Kourou, French Guiana, capable of 4.6-ton payload, up from 2.8-ton payload on Ariane-3.

JUNE 22. Canadian Parliament votes 200–7 to approve Meech Lake accord aimed at winning Quebec's agreement to terms of Canadian constitution, in return for recognition of Quebec as a "distinct society" within Canada. Accord now must be ratified by all 10 Canadian provincial parliaments by spring of 1990.

JUNE 25. Icelandic President Bigdis Finnbogadottir wins election to a 3rd 4-year term by capturing 92.7% of vote. Her opponent Sigrun Thorsteinsdottir receives 5.3% of ballots.

JUNE 28. Two-day EC conference ends in Hanover, West Germany, after agreeing to establish high-level group to study possible establishment of a central currency and single central bank.

— Capt. William Nordeen, a US military attaché, is killed by a car bomb near his home in Athens. Left-wing November 17 group claims responsibility 6/29.

JUNE 30. Italian parliament approves basing in Italy of 72 US F-16 fighter planes proposed for withdrawal from basing in Spain by 1991.

— Pope John Paul II excommunicates Archbishop Marcel Lefebvre of renegade conservative Fraternity of St. Pius X in Econe, Switzerland, after Lefebvre, denouncing "modernism, liberalism, communism and Zionism" defied papal authority and consecrated 4 new bishops for his fraternity.

JULY 5. Trial of Mohammed Ali Hamadei, for involvement in 1985 hijacking of a Trans World Airlines plane, begins in Frankfurt, West Germany. Hamadei confesses 8/9 to participating in hijacking, but says he was not responsible for shooting of a hostage, US Navy diver Robert Stethem.

JULY 11. Two terrorists open fire aboard Greek ferry sailing from Athens to island of Aegina, killing 9 and wounding more than 80; terrorists are also killed. In 7/13 statement issued in Beirut, group called the Organization of the Martyrs of the Popular Revolution in Palestine-Abu Jihad Unit (with reported connections to Abu Nidal group) claims responsibility as revenge for freedom of Israeli security agents to operate in Greece.

AUG. 20. A land mine explodes under a bus carrying British soldiers in Omagh, Northern Ireland, killing 8 and wounding 28; responsibility for blast is claimed by IRA. Three IRA members are shot in a British Special Air Service commando ambush near Omagh 8/30.

AUG. 23. Cypriot President Vassiliou and Rauf Denktash, president of Turkish Republic of Northern Cyprus, meet in Geneva for 2 days of talks mediated by UN Secretary-General Javier Pérez de Cuéllar. The leaders 9/24 reaffirm their commitment to agreements of 1977 and 1979 calling for a single federal republic

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comprising separate autonomous Greek and Turkish Cypriot regions, and agree to resume negotiations 9/15.

AUG. 25. West German officials announce arrest on espionage charges of a former US Army sergeant, Clyde Lee Conrad, and 7 others including 2 Hungarian-born brothers living in Sweden and wife of one of the brothers. Spy ring is accused of passing secret NATO military documents to Hungarian agents between 1980 and 1985.

AUG. 28. Three Italian jets participating in air show at a US Air Force base at Ramstein, West Germany, collide; one jet crashes into a crowd of spectators, killing 70 and injuring more than 300. West German Defense Minister Rupert Scholz 8/29 announces a ban on displays of aerobatic flying in West Germany.

SEPT. 18. In Swedish general elections, governing Social Democrats win 43.4% of vote, down 1.3% since last elections in 1984 but allowing Premier Ingvar Carlsson to continue in power. Green Party wins 6.1% of vote, enough to gain parliamentary representation for first time.

SEPT. 25. Referendum is held in Turkey to amend constitution to allow municipal elections to be moved from 3/89 to 11/88. Opponents of government assert aim is to limit time for them to prepare for elections; Prime Minister Özal had threatened 9/19 to resign, "according to the results of the referendum." Only 35% of voters support referendum, but Özal 9/26 announces he will not resign.

SEPT. 28. The US and Spain sign an 8-year agreement governing US bases in Spain.

SEPT. 29. The Norwegian Nobel Committee awards 1988 peace prize to UN peacekeeping forces.

NOV. 6. French voters approve by 80% "yes" vote referendum calling for one year of direct rule by France of New Caledonia, followed by local provincial elections there, followed in turn after 10 years by local referendum on independence.

NOV. 10. Philipp Jenninger, president of West German Bundestag delivers a speech commemorating 50th anniversary of *Kristallnacht*, 1938 Nazi-organized assault against thousands of Jews, in which he lists Hitler's "successes," prompting walkout by approximately 50 Bundestag members. Jenninger, saying his speech "was not understood," resigns his post 11/11.

NOV. 14. Spain and Portugal officially join Western European Union, a European defense organization.

NOV. 21. After a contentious campaign dominated by debate over US-Canadian trade accord, Canada's governing Progressive Conservative Party wins 43% of popular vote and captures 170 seats in 295-seat House of Commons. Liberal Party and New Democratic Party, both of which opposed the trade pact, win 82 and 43 Commons seats, respectively.

NOV. 29. The European Court of Human Rights in Strasbourg rules 11/29 that a British policy of detaining terrorist suspects for up to 7 days before arraignment violates European Convention on Human Rights. British Home Secretary Douglas Hurd tells Parliament 12/22 that UK will not comply with European Court ruling, and will withdraw from applicable sections of convention until it decides on a policy.

DEC. 8. A US fighter jet crashes into a residential section of Remscheid, West Germany, while on a training flight, killing 6 and wounding 40.

DEC. 14. Nearly 8 million Spanish workers stage a one-day general strike to express dissatisfaction with anti-inflation policies of Socialist government of Prime Minister Felipe González.

DEC. 21. A Pan American Airways Boeing 747, on a flight from London to New York, crashes in southern Scotland, killing all 259 people on board and 11 on ground. A pro-Iranian terrorist group telephones news agencies in London 12/22 to claim it planted a bomb on board jet to take revenge for 6/88 shooting down of an Iranian passenger jet by an American warship, although US officials discount the claim. British police investigators confirm 12/28 that plane crash was caused by a bomb. Investigation reportedly determines 12/31 that bomb was placed aboard aircraft in Frankfurt, West Germany, before it flew to London.

THE SOVIET UNION AND EASTERN EUROPE

JAN. 11. Czechoslovak Communist Party Chairman Miloš Jakeš visits Moscow for discussions with Mikhail Gorbachev. After talks Gorbachev speaks on need for "innovative policies" in Eastern Europe.

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FEB. 1. Prices of about half of Poland's goods and services rise an average of 27% under a government economic reform plan, including 40% increases for most basic foods, 100% for gas and electricity and 200% for coal. Poland's currency is simultaneously devalued by 16% against Western currencies. Thousands protest price increases in demonstrations in Warsaw and Gdańsk.

FEB. 6. Nikolai Talyzin, chief of Gosplan, main Soviet economic planning committee, is replaced by a decree from Presidium of Supreme Soviet after being criticized for failing to institute economic reforms. Yuri Maslyunkov, formerly a first deputy chairman of Gosplan, is named Talyzin's successor.

FEB. 11. Thousands of Armenians demonstrate in largely Armenian-populated Nagorno-Karabakh autonomous region of Soviet Azerbaijan, demanding reunification with Armenian Republic. Sympathetic demonstrations begin 2/20 in Yerevan, capital of Armenia—including a 2/23 demonstration attended by 50,000 to 100,000 people. Gorbachev 2/26 issues statement calling for restoration of order; protest leaders 2/27 agree to suspend demonstrations for one month.

FEB. 18. A 2-day plenary meeting of Soviet Communist Party Central Committee ends with an announcement of removal of former Moscow Party Chief Boris Yeltsin as a candidate member of Politburo. Georgi Razumovsky, party secretary in charge of administration, and Gosplan head Maslyunkov are named candidate members.

FEB. 23. Foreign ministers of Balkan countries (Albania, Bulgaria, Greece, Romania, Turkey and Yugoslavia) meet in Belgrade. Ministers of Turkey and Bulgaria agree that their countries should move to repair relations strained by reports of Bulgaria's mistreatment of its ethnic Turks. The 6 nations are unable to reach agreement on a Bulgarian proposal, supported by Greece and Romania, for a Balkan nuclear-free zone, because of Turkey's strong objections.

FEB. 28. Rioting between ethnic Azerbaijanis and Armenians in Caspian Sea city of Sumgait results in the deaths of at least 32 Armenians.

FEB. 29. Bulgaria holds elections for municipal and regional positions, for first time permitting more than one candidate per position.

MAR. 14. Soviet leader Gorbachev meets Yugoslav President Lazar Mojsov at beginning of a 5-day visit to Yugoslavia. Gorbachev speaks before parliament 3/16, admits that diplomatic rift between Moscow and Belgrade, which began in 1948, was fault of Soviet Union. USSR and Yugoslavia issue joint statement saying they have "no pretensions of imposing their concepts of social development on anyone" and rejecting use of force or "interference in the affairs of other states."

MAR. 26. Presence of Soviet troops and KGB agents in Yerevan prevents a scheduled mass demonstration calling for unification of Armenia with Nagorno-Karabakh region.

APR. 19. According to Western reports, second-ranking Kremlin figure, chief ideologist Yegor Ligachev, is reprimanded by being ordered to take 2-month vacation as result of charges that he arranged 3/13 publication in newspaper *Sovietskaya Rossiya* of an article critical of Gorbachev's "leftist-liberal" policies. Ligachev's portfolio is temporarily handed to Gorbachev ally Aleksandr Yakovlev, chief of propaganda.

APR. 25. Hundreds of transportation workers in Bydgoszcz, northwest of Warsaw, go on strike demanding higher pay; less than 24 hours later Polish government grants them 63% pay increase. Approximately 8,000 workers at huge steel mill in Nowa Huta, near Kraków, begin strike 4/26, demanding higher wages, better pension protection and reinstatement of 4 organizers from illegal independent trade union Solidarity. Nowa Huta workers 4/27 reject government's offer of 50% wage increase. 100 protesters are arrested 5/1 in May Day demonstrations in 15 cities. 7,000 Gdańsk shipyard workers go on strike 5/2, demanding legalization of Solidarity; but Solidarity leader Lech Wałęsa 5/3 expresses reluctance to lead strikes. Demonstrators and police clash 5/3 in Warsaw, Kraków, Lublin and Łódź. Soviet newspapers *Izvestia*, 5/3, and *Pravda*, 5/4, urge Poland to resist strikers' demands. Riot police stage raid on Nowa Huta plant 5/5, forcing end to strike there. Riot police 5/5 seal off Gdańsk shipyard, with 2,500 strikers inside; strikers quit protest without agreement 5/10. Polish parliament 5/11 approves emergency powers for government to intervene in economy.

MAY 7. A group of over 100 lesser-known Soviet dissidents meets in Moscow to form an independent political party called the Democratic Union, draft a charter 5/9 announcing intention to field candidates for election "in opposition to the totalitarian dictatorship of the Communists." Five members of Democratic Union,

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including Sergei Grigoryants, editor of journal *Glasnost*, are arrested 5/9 and ordered to leave Moscow.

MAY 15. Yugoslav government approves an economic austerity package including a provision that by end of 1988, salaries are to be no more than 119% higher than they were at end of 1987.

MAY 22. At Hungarian party conference, János Kádár is removed as party's general secretary and replaced by Premier Károly Grósz. Conference also votes to replace 40% of 106-member Central Committee, including many Kádár loyalists.

JUNE 5–12. Russian Orthodox Church marks 1,000th anniversary of introduction of Christianity into Russia, with full support of Soviet government.

JUNE 14. Marian Woźniak, Polish party secretary in charge of economy, is dismissed from Politburo and Secretariat at end of 2-day meeting of Central Committee.

JUNE 15. Supreme Soviet of USSR's Armenian Republic passes resolution urging that Nagorno-Karabakh autonomous region be reunified with Armenia. A general strike breaks out in Armenia 7/4; more than 400 protesters clash with troops and police at Yerevan's airport 7/5; an estimated 200,000 attend a rally 7/8 to commemorate death in airport clash of a 22-year-old Armenian. Legislature of Nagorno-Karabakh region votes to secede from Azerbaijan and join Armenia 7/12.

JUNE 20. The Soviet Republic of Estonia officially recognizes The People's Front of Estonia, a 40,000-member nationalist organization. The recognition is the first for a large noncommunist political group in Soviet Union.

JUNE 27. Between 30,000 and 50,000 Hungarians demonstrate in Budapest against Romanian plan to destroy as many as 7,000 Romanian villages and replace them with 500 agro-industrial complexes, accusing Romania of aiming program at ethnic Hungarian villages in Transylvania region. Romania 6/28 closes Hungarian consulate in Cluj-Napoca, Transylvania.

JUNE 28. Nineteenth All-Union Conference of the Communist Party opens in Moscow, first national party conference since 1941. Mikhail Gorbachev, in 3-hour opening address, proposes restructuring of Soviet government into system with a strong president, picked by a more representative national legislature that would replace Supreme Soviet. Gorbachev also calls for finite terms for high officials, more authority for local soviets, multicandidate elections and a ban on interference in economic matters by party. The conference 7/1 closes by approving resolutions supporting these changes, reform of legal system, greater independence of national regions and an end to bureaucratic red tape.

JULY 11. Gorbachev arrives in Poland for 6-day visit; addresses Polish parliament, denounces Stalin's deportation of thousands of Poles to USSR after World War II and offers a pullback of an unspecified number of Soviet fighter aircraft from bases in Eastern Europe if US cancels plans to redeploy 72 F-16 jets from Spain to Italy. Gorbachev 7/12 visits Kraków and 7/13 visits a shipyard in Szczecin, urging that Polish workers accept government's economic reforms. Gorbachev and Polish leader Gen. Wojciech Jaruzelski 7/14 sign joint statement in Warsaw calling for a "friendly atmosphere of equality and mutual trust." Warsaw Pact leaders convene in Warsaw 7/15–16 for closed-door discussions, 7/16 release resolutions calling for moratoriums on nuclear testing and chemical weapons production, and separate East-West talks on reductions in tactical nuclear weapons.

JULY 20. At end of Bulgarian Central Committee plenum, Chudomir Aleksandrov, number-two man in Bulgarian Communist Party, is removed from Central Committee and Politburo. Aleksandrov is reported to have been dissatisfied with efforts of party General Secretary Todor Zhivkov to institute Soviet-style reforms.

JULY 30. Yugoslav government orders an end to recent demonstrations, which began earlier in the month, by minority ethnic Serbians in Kosovo autonomous region, who charge mistreatment by region's ethnic Albanian majority.

AUG. 14. Polish police clash with protesters in Gdańsk marking 8th anniversary of founding of Solidarity. Coal miners in Jastrzebie, in southwestern Poland, go on strike 8/15, demanding higher wages and legalization of Solidarity; by 8/16 3,000–4,000 miners are on strike. Strikes spread 8/17 to other coal mines and to dockworkers in port of Szczecin; to Szczecin transport workers 8/18. Government 8/19 refuses to legalize Solidarity; union founder Lech Wałęsa says dockworkers at Lenin Shipyard in Gdańsk will join strike unless government relents. Government's National Defense Committee 8/21 issues warning that a "military" solution may be

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used if strikes continue. Police and striking transport workers clash 8/22 in Szczecin; police seal off striking coal mines and Lenin Shipyard same day. Government refuses Solidarity demand for direct negotiations 8/23; several strikes collapse. Police raids end strikes at several coal mines and Szczecin dockyard 8/24; more strikes collapse 8/25. Szczecin transport workers agree to enter negotiations with government 8/25.

AUG. 21. An estimated 10,000 people gather in Prague's Wenceslas Square to mark 20th anniversary of 1968 Soviet invasion of Czechoslovakia and demand democratic reforms; demonstration is broken up by riot police and tear gas.

AUG. 28. Hungarian Premier Grósz and Romanian President Nicolae Ceauşescu meet in Romanian town of Arad in an attempt to resolve disputes between their countries. Ceauşescu rejects call to end his policy of resettling rural villagers.

AUG. 31. Solidarity founder Wałęsa meets with Polish Interior Minister Gen. Czesław Kiszczak; government and opposition spokesmen say progress is made toward establishing negotiations involving government and opposition, including Solidarity. After meeting, Wałęsa issues plea for nationwide strikes to end.

SEPT. 19. Poland's Premier Zbigniew Messner and his 19-member cabinet resign, shortly before Poland's parliament is to release a report highly critical of government's handling of economy. Parliament votes 359-1 to accept government's resignation. Central Committee of United Workers' (Communist) Party 9/26 nominates Mieczysław Rakowski, party secretary in charge of propaganda, to succeed Messner as premier. Rakowski is confirmed by parliament 9/27.

SEPT. 26. Franc Setinć, Slovene member of Yugoslav Central Committee Presidium, resigns 9/26 in protest against rising Serbian nationalism; his colleague Bosco Krunić, a Vojvodinan, resigns for same reason 10/6. Politburo of League of Communists in autonomous region of Vojvodina resigns 10/6 in face of Serbian nationalist demonstrations there. Yugoslav President Raif Dizdarević (who succeeded Lazar Mojsov 5/15) says on national television 10/9 that he has ordered government to take emergency steps to control country's 217% inflation rate, and warns that "it is the final hour to turn things around." Federal government 10/10 cancels all army leaves of absence. Central Committee of League of Communists of Serbia 10/11 demands resignation of 3 top ethnic Albanian officials in Kosovo autonomous region.

SEPT. 30. Yegor Ligachev, number-two figure in Soviet party and leader of conservative faction in Politburo, loses his seat as party secretary in charge of ideology at Central Committee plenum. Ligachev retains his seat on Politburo, but is moved to party secretary for agriculture. Vadim Medvedev, former secretary for science and technology, is given responsibility for both ideology and propaganda. Soviet President Andrei Gromyko is retired by Central Committee; Anatoly Dobrynin is retired as secretary in charge of foreign affairs, and replaced by Gorbachev ally Aleksandr Yakovlev. Marshal Viktor Chebrikov, head of KGB, is named secretary of legal affairs, and Mikhail Solomentsev is removed as chairman of Control Committee and a member of Politburo. Two candidate members of Politburo are retired, and 3 new candidate members are named. At a meeting of Supreme Soviet 10/1, Gorbachev is confirmed as new Soviet president. Chebrikov is removed as head of KGB and replaced with Vladimir Krychkov, formerly a deputy chairman of the agency. Anatoly Lukyanov is confirmed as Soviet vice president. Aleksandr Vlasov is named 10/3 to replace Vitaly Vorotnikov as premier of Russian Republic, although Vorotnikov retains his seat on Politburo.

OCT. 10. On first day of a plenary meeting of Central Committee of Czechoslovak Communist Party, Premier Lubomir Strougal, leading advocate of Soviet-style economic reforms, is forced to resign, along with his ally, deputy premier Petr Colotka. Both Strougal and Colotka give up their positions as voting members of Politburo. Another deputy premier, Ladislav Adamec, is named premier 10/11.

OCT. 16. Two members of Central Committee Presidium of Yugoslav League of Communists resign: Milanko Renovica of Bosnia-Hercigovina, after being linked to illegal granting of government contracts; Kolj Siroka of Kosovo province in response to pressure from Serbian League of Communists leader Slobodan Milosevic. An emergency session of Presidium is convened 10/17; Milosević addresses Presidium, defending recent Serbian nationalist demonstrations against widespread criticism. Yugoslav President Dizdarević speaks before meeting 10/18, saying that "the entire world is worried about the situation in Yugoslavia." Presidium 10/19 accepts recent

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resignations; Dusan Ckrebić, a Serbian member of Presidium closely allied with Milosević, is also removed from the body. Presidium expresses continued support for its economic austerity program and calls for introduction of more free-market reforms.

OCT. 27. Soviet Finance Minister Boris Gostev announces that USSR will have a 1988 budget deficit of approximately US$58 billion, and admits that Soviet government has kept such deficits secret for years.

OCT. 31. Polish government announces it will begin shutting down Gdańsk's Lenin Shipyard, birthplace and stronghold of Solidarity, in stages beginning 12/1. Government claims decision is purely economic, saying shipyard lost $3.5 million in 1987. Solidarity leader Wałęsa calls move "clear political provocation," and suggests shipyard be turned over to workers. Wałęsa 11/6 threatens to call national strike unless closure is called off, but 11/8 indefinitely postpones strike after a 11/7 meeting between Solidarity officials and shipyard management.

NOV. 15. The Soviet Union launches its first space shuttle, an unmanned craft named *Buran*. Shuttle completes 2 orbits and successfully returns to earth same day.

NOV. 16. Supreme Soviet of Estonia amends republic's constitution to give officials right to refuse to apply Soviet national laws that conflict with local laws. Presidium of Soviet Union 11/26 rules that Estonian legislature's action is unconstitutional, and President Gorbachev 11/27 denounces rise of regional nationalism in USSR as "disastrous." Estonian Supreme Soviet 12/5 votes 150–91 to stand by its amendment.

NOV. 19. Distribution of a popular Soviet newsmagazine, *Sputnik*, is banned in East Germany because, according to the party newspaper *Neues Deutschland*, it "made no contributions to strengthening German-Soviet relations."

NOV. 22. Eight people are killed and 126 are injured in violence between Armenians and Azerbaijanis in rioting in Azerbaijani cities of Baku, Kirovabad and Nakhichevan.

NOV. 23. Central Committee of Socialist Workers' Party of Hungary names Miklós Németh to replace party General Secretary Grósz as premier. Grósz remains general secretary.

NOV. 28. Nominal parliament of USSR, Supreme Soviet, convenes in Moscow. The body 12/1 approves constitutional changes proposed by President Gorbachev that would transform unicameral Supreme Soviet into 2-house legislature: an upper house to be known as Congress of People's Representatives and containing 2,250 members, 1,500 elected at local and regional levels and 750 representing unions and popular political organizations; and a lower house, or Supreme Soviet, containing between 400 and 450 members to be picked by Congress. Chairman of Presidium of the ruling council of the legislature (president) is to be given authority over USSR's economic, social and foreign policies, and is to be limited to serving 2 5-year terms. Representatives from Estonia, Latvia, Lithuania, Armenia and Georgia voice objections, on grounds that reformed federal legislature is to be given authority over regional economic and political policies; 5 Latvian legislators vote against changes, and 27 Latvian and Estonian members abstain.

DEC. 7. An earthquake registering 6.9 on Richter scale strikes Soviet republic of Armenia, devastating cities of Leninakan and Kirovakan, and almost completely destroying town of Spitak; killing at least 25,000 people. USSR 12/9 accepts offers of emergency aid from US. A Soviet military transport plane delivering aid crashes near Leninakan's airport 12/11, killing 78.

— Soviet Foreign Ministry announces retirement of Military Chief of Staff and Deputy Defense Minister Marshal Sergei Akhromeyev, who was rumored to have quarreled with Defense Minister Gen. Dmitri Yazov over Soviet military reforms and arms control policies.

DEC. 19. The Central Committee of Poland's Communist Party meets in Warsaw. Central Committee 12/21 announces removal of 6 officials from country's ruling Politburo, and their replacement by 8 others, including young representatives of agricultural and textile industries.

DEC. 30. Yugoslav Premier Branko Mikulić and his entire cabinet resign because parliament has refused to pass austerity measures needed to ensure continued support of the country by International Monetary Fund.

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EAST-WEST RELATIONS

JAN. 7. East German leader Erich Honecker begins 3-day visit to France, meeting with President François Mitterrand and Premier Jacques Chirac, who are critical of East German human rights practices and continued existence of Berlin Wall.

JAN. 13. USSR and Sweden sign agreement settling 19-year-old territorial dispute over area east of Swedish island of Gotland in Baltic Sea. Under accord, Sweden gains commercial fishing rights to 75% of disputed territory and Soviet Union gains rights to 25%.

JAN. 17. US negotiators in Geneva present a draft antimissile defense treaty to supplement 1972 Anti-Ballistic Missile Treaty. Few details of proposed draft treaty are known, but it reportedly requires each side to give 6 months' notice before withdrawing from compliance with ABM treaty.

FEB. 6. US Deputy Secretary of State John Whitehead visits Bucharest, where he warns Romanian leader Nicolae Ceaușescu of congressional discontent with Romanian human rights record. US State Department 2/26 announces that Romania has relinquished its "most favored nation" trade status with United States.

FEB. 12. Two US Navy ships, a destroyer and a guided missile cruiser, are stopped by 2 smaller Soviet warships in what US claims are international waters in Black Sea and sustain slight damage when they are grazed by Soviet vessels.

FEB. 19. Pope John Paul II issues an encyclical, "The Social Concerns of the Church," in which he attacks division of world into two rival blocs of "liberal capitalism" and "Marxist collectivism," and says superpower arms competition is diverting resources from effort to rescue Third World from poverty and injustice.

FEB. 27. Soviet Union removes 30 SS-12 medium-range nuclear missiles, along with 5 launchers and 4 training missiles, from bases at Waren and Bischofswerda, East Germany, effectively closing bases, although US-Soviet Intermediate-range Nuclear Forces (INF) Treaty, signed 12/7/87, has not been ratified.

MAR. 2–3. Leaders of NATO countries convene in Brussels to reach agreement within NATO on INF treaty. Also discussed is possibility of advancing date for upgrading US-made Lance tactical missiles belonging to West Germany; no consensus is reached on Lance question.

MAR. 16. US Secretary of Defense Frank Carlucci and Soviet Defense Minister Dmitri Yazov meet in Bern, Switzerland, to discuss concepts of military doctrine. After 2-day meeting, which is conducted under a news blackout, Carlucci says: "There has been no change in the Soviet modernization program. There has been no change in the Soviet force structure."

MAY 27. US Senate votes 93–5 to approve INF treaty, which eliminates US and Soviet missiles with ranges between 300 and 3,400 miles.

— President Reagan, visiting Helsinki, criticizes Soviet record of observance of 1975 Helsinki Final Act on human rights, but praises recent release from imprisonment of Soviet dissidents and easing of censorship.

MAY 29. President Reagan arrives in Moscow for a summit meeting with Soviet leader Mikhail Gorbachev. Reagan 5/30 criticizes Soviet human rights observance. President 5/31 addresses students at Moscow State University and strolls with Gorbachev in Red Square, and also signs 9 separate agreements on arms control, a student exchange program, cooperation on nuclear power research, maritime search and rescue, fisheries, transportation and radio navigation. Reagan and Gorbachev 6/1 exchange formal documents of ratification of INF treaty. US delegation departs 6/2.

JUNE 14. Canada expels 8 Soviet diplomats from country for alleged spy activity; Prime Minister Brian Mulroney makes expulsions public 6/21, and says another 9 diplomats currently outside Canada will not be allowed to return. Soviets are accused of attempting to steal secrets from Paramax Electronics, a Montreal-based defense contractor and subsidiary of US firm Unisys. USSR 6/22 calls charges "entirely groundless," expels 2 Canadian diplomats and denies reentry to 3 others. Canada retaliates by expelling an additional Soviet military attaché and denying reentry to another Soviet embassy official.

JULY 6–11. Soviet military Chief of Staff Sergei Akhromeyev visits United States, visiting an aircraft carrier 7/7, viewing a B-1 bomber 7/10, meeting with President Reagan at White House 7/11. US Secretary of Defense Carlucci visits USSR

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8/1–4, viewing a Blackjack bomber and other aircraft 8/2 at Kubinka air base near Moscow, and meeting with President Andrei Gromyko in Sevastopol 8/4.

JULY 19. Viktor Karpov, head of Soviet Foreign Ministry's arms-control division, announces at a press conference in Moscow that USSR is willing to dismantle controversial Krasnoyarsk radar station in Siberia if US agrees to abide by 1972 Anti-Ballistic Missile Treaty "as signed in 1972" for a period of 10 years. US State Department 7/20 rejects offer, saying Soviets should dismantle Krasnoyarsk station without conditions, as it is a violation of the ABM treaty. US 7/22 bars entry to 8 of 400 people appointed by Moscow to serve as inspectors of US compliance with terms of INF treaty, on grounds that they are suspected spies.

JULY 20–27. Hungarian Prime Minister Károly Grósz visits US; visits President Reagan at White House 8/27.

JULY 28. A 6-member Israeli consular delegation arrives in Moscow for a stay of indefinite duration, opening an office in Israeli interests section in Dutch embassy.

AUG. 8. The White House reports that US will not withdraw from observance of ABM treaty while a US-Soviet review of treaty is conducted in Geneva beginning 8/24.

AUG. 17. Forty-three Soviet scientists attend detonation of a 150-kiloton nuclear device at Nevada Test Site—first joint nuclear test conducted by US and Soviet Union.

SEPT. 16. General Secretary Gorbachev, visiting Krasnoyarsk in Siberia, offers to close Soviet naval facility at Cam Ranh Bay in Vietnam if US agrees to leave its military bases in Philippines. He also offers to place Krasnoyarsk radar station under international supervision and to transform it into a space research station. White House restates its demand that facility be dismantled without conditions.

SEPT. 21. Soviet Foreign Minister Eduard Shevardnadze arrives in Washington for talks with Secretary of State George Shultz on slow pace of Strategic Arms Reduction Talks (START). After discussions end 9/23 without significant progress, both officials release a joint statement expressing concern "about the recurrent use of chemical weapons."

OCT. 24. West German Chancellor Helmut Kohl arrives in Moscow for talks with President Gorbachev. Kohl announces 10/26 that Gorbachev had promised to release "all persons whom the West considers political prisoners" by end of 1988, although Soviet spokesmen decline to confirm Kohl's claim. Kohl returns to West Germany 10/27.

NOV. 2. British Prime Minister Margaret Thatcher arrives in Warsaw for a 3-day visit. Thatcher meets with Premier Rakowski 11/2; Rakowski reportedly expresses admiration for Thatcher's free-market economic policies. Thatcher, in a speech 11/3, calls for more freedom throughout Eastern Europe.

DEC. 1. Four Soviets hijack busload of schoolchildren near Caucasus Mountains city of Ordzhonikidze. After negotiations with Soviet authorities hijackers 12/2 are given $US 2 million and a cargo plane with flight crew; hijackers order pilot to fly to Israel. Plane lands at a military airfield near Tel Aviv where Israeli troops arrest them. Israel 12/3 returns hijackers to Soviet custody.

DEC. 6. Soviet President Gorbachev arrives in New York to address UN General Assembly. Gorbachev, at UN 12/7, announces plan to reduce Soviet military forces by 500,000 men, or roughly 20%. Gorbachev also says Soviets will reduce Soviet forces in the European USSR and Eastern Europe by 10,000 tanks, 8,500 artillery pieces and 800 combat aircraft, and says USSR's military doctrine will shift to a strictly defensive stance. After speech Gorbachev meets for lunch and talks with President Reagan and US president-elect, Vice President George Bush. Gorbachev 12/8 returns to Soviet Union, canceling a day of sightseeing and subsequent trips to Cuba and Britain, to respond to 12/7 earthquake in Soviet Armenia.

DEC. 13. USSR informs US State Department that it is dismantling 2 radar sites, one near Moscow and another near Byelorussian city of Gomel, that US has said violate ABM treaty.

MIDDLE EAST AND PERSIAN GULF

JAN. 2. Israel strikes Palestinian-controlled targets in southern Lebanon with warplanes, helicopters and gunships, killing 21 and wounding 14.

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JAN. 3. Israel announces intention to expel 9 Palestinian activists it accuses of being "chief instigators" of recent rioting in occupied West Bank and Gaza Strip. UN Security Council 1/5 votes unanimously to urge Israel "to refrain from deporting any Palestinian civilians from the occupied territories." Israel 1/13 deports 4 of 9 men to southern Lebanon.

JAN. 7. Hanna Siniora, Arab editor of an East Jerusalem newspaper, and Palestinian-American activist Mubarak Awad announce start of civil disobedience campaign against Israeli occupation of West Bank and Gaza, to begin with boycott of Israeli-made cigarettes. Israeli army 1/8 jails dozens of Palestinians for 6 months without trial under emergency regulations. At least 50 are wounded in severe rioting in Gaza 1/9–10.

JAN. 16. Nabih Berri, leader of Shi'ite group Amal, says his organization will end nearly 3-year siege of Shatila and Bourj al-Barajneh Palestinian refugee camps in Lebanon as a gesture of solidarity with uprising in Israeli-occupied territories.

JAN. 19. Israeli Defense Minister Yitzhak Rabin announces new policy for dealing with Palestinian uprising in occupied territories, to include "force, might, beatings," in an effort to lessen deaths of rioters through security force use of live ammunition. US State Department announces 1/21 it is "disturbed" by policy. Thirty thousand Israelis stage demonstration in Tel Aviv to protest policy. Israeli army repeals beating policy 1/24 amid criticism and reports of excessive brutality, and lifts curfews on all but one refugee camp in Gaza.

JAN. 27. Ralph Schray, a half-Lebanese resident of Beirut carrying West German passport, is kidnapped by gunmen in Beirut. His abduction is thought to be linked with trial in West Germany of alleged terrorist Abbas Ali Hamadei. Jan Stening of Sweden and William Jorgensen of Norway, both of whom work for UN Relief and Works Agency (UNRWA) are kidnapped 2/5 by gunmen believed to be dissident Palestinian terrorists loyal to terrorist Abu Nidal; Stening and Jorgensen are freed 3/1 in Beirut "after their innocence was proven." Schray is surrendered to Syrian intelligence officers 3/3; West German government same day thanks Syrians for help in winning his freedom.

JAN. 30. US special envoy Philip Habib arrives in Jordan for talks with King Hussein, amid speculation of a new US-sponsored peace plan for region.

FEB. 16. An underwater explosion in Cypriot port of Limmosol cripples a ferry hired by Palestine Liberation Organization (PLO) to make a protest voyage to Israel.

— Two Israeli soldiers are arrested by Israeli army and charged with burying alive 4 Arab protesters in West Bank village of Salim 2/5.

FEB. 17. US Army Lieutenant Colonel William Richard Higgins, serving as commander of a United Nations peacekeeping group in Lebanon, is kidnapped while driving near Tyre. UN peacekeeping forces, cooperating with Amal militia, launch search for Higgins 2/18. A group calling itself the Organization of the Oppressed on Earth, believed linked to another Shi'ite militia, the pro-Iranian Hezbollah (Party of God), claims responsibility for kidnapping 2/19. US Defense Department 2/19 confirms that Higgins had served as an administrative aide to former Defense Secretary Caspar Weinberger from 6/85 to 6/87. Higgins' kidnappers 3/22 release videotape showing Higgins listing terrorists' demands.

FEB. 25. US Secretary of State George Shultz arrives in Jerusalem to launch week of shuttle diplomacy to revive Arab-Israeli peace negotiations; says causes of Palestinian unrest in occupied territories are "essentially indigenous" although there was contact between rioters and "outside forces." Shultz meets 2/26 with Israeli Prime Minister Yitzhak Shamir and Foreign Minister Shimon Peres, who had publicly differed over US peace initiative, Shamir opposing it and Peres viewing it as helpful. Fifteen moderate Palestinian leaders invited to meet 2/26 with Shultz in Jerusalem decline to do so. Shultz flies 2/27 to Jordan and Syria and 2/28 to Egypt; fails to win significant support for peace efforts. Shultz flies again to Jordan 2/29, and 3/1 travels to London to see King Hussein, who is visiting Britain. Meets again with Hussein in London 3/3; 3/4 travels to Jerusalem, Cairo and Damascus, delivers letters containing details of US peace plan.

FEB. 27. Iraqi forces bomb Iranian oil refinery near Tehran. Iran 2/28 shells Iraqi city of Basra and 2/29 fires 2 Soviet-designed missiles into Baghdad, setting off an almost daily exchange of missiles, or "war of the cities," over the next several

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months. Iranian mob 3/6 attacks Soviet embassy in Tehran and consulate in Isfahan to protest Soviets' supplying of missiles to Iraq.

MAR. 2. UN General Assembly votes 143–1 in favor of 2 resolutions condemning a US government plan to close New York office of PLO. US Justice Department 3/22 files suit in New York federal district court to have office closed. International Court of Justice at the Hague 4/26 unanimously condemns US move in an advisory opinion sought by UN General Assembly.

MAR. 7. A bus carrying workers from Beersheba, Israel, to a nuclear power plant in Dimona is hijacked by 3 Palestinian gunmen, who execute a male hostage. Israeli security forces then storm bus, killing hijackers. Two women passengers are also killed in shoot-out. Al Fatah faction of PLO claims responsibility for incident.

MAR. 10–12. At least 450 of 1,000 Arab policemen in West Bank and Gaza Strip resign after receiving warnings from underground leadership of Palestinian uprising.

MAR. 14. Israeli Prime Minister Shamir arrives in Washington for 4-day visit, fails to endorse a US-backed proposal for Middle East peace talks despite 3/15 meeting with Secretary of State Shultz and 3/16 meeting with President Reagan.

MAR. 16. Iraq reportedly bombs northeastern Iraqi border town of Halabja, populated largely by Iraqi Kurds, with chemical weapons after it is captured 3/15 by Iranian army. Western reporters are brought to town 3/21–23 by Iran, which reports that as many as 5,000 Kurds were killed there. UN-sponsored report on incident released 4/26 agrees that gas attack took place, but declines to place blame on Iraq.

MAR. 19. Saudi Arabia confirms reports that it has purchased an unidentified number of medium-range CSS-2 ballistic missiles from China. The missiles, which can travel approximately 1,600 miles, have a longer range than any other missile in Middle East.

MAR. 24. Mordechai Vanunu, former nuclear technician, is convicted in Jerusalem court of treason and espionage for revealing a secret Israeli nuclear weapons program to the Sunday *Times* of London. Vanunu is sentenced 3/27 to 15 years in prison.

MAR. 29. Israeli army sets up roadblocks to seal off West Bank and Gaza Strip for 3 days, in response to planned Palestinian demonstrations 3/30 to mark Land Day, commemorating 1976 protest against land seizures. Roadblocks prevent 120,000 Palestinians from commuting to jobs in Israel, and Gaza is placed under military curfew. Major protests and riots occur 3/30 in at least 23 places in West Bank, and 4 protesters are shot to death. Israeli Arabs same day stage a general strike and peaceful demonstrations.

MAR. 30. Iranian gunboats fire on a Kuwaiti military base on island of Bubiyan in Persian Gulf, first known clash between Iranian and Kuwaiti armed forces.

APR. 3–8. US Secretary of State Shultz again visits Israel and Jordan; again fails to win support for US peace initiative.

APR. 5. Shi'ite terrorists seize a Kuwait Airways Boeing 747 jet en route from Bangkok to Kuwait and force it to land in Mashhad, Iran, demanding that Kuwait release 17 convicted terrorists. Hijackers release one ill passenger 4/5, 24 women passengers and crew 4/6, and 32 more 4/7. Iran supplies jet with fuel 4/8 when hijackers fire warning shots and throw a grenade from plane; jet flies to Beirut but is prevented from landing by Lebanese air traffic controllers; jet flies on and lands at Larnaca airport in Cyprus. Hijackers kill a Kuwaiti hostage 4/9 and another 4/11. After releasing 12 more passengers, terrorists 4/13 commandeer plane to Algiers, where Algerian officials negotiate a release of remaining 31 passengers 4/20, in exchange for free passage out of country. An Algerian air force transport plane is believed to fly hijackers to Damascus 4/20; from there they are thought to travel overland to Beirut.

APR. 6. A 15-year-old Israeli girl, Tirzah Porat, is killed in village of Beita, in West Bank, while hiking with a group of 16 Jewish teenagers. Initial reports are that Porat was killed by Arabs, but 4/7 it is reported she was shot accidentally by an Israeli guard who also killed 2 Palestinians in a confrontation between Arab villagers and hikers. Israeli army destroys more than a dozen homes in Beita before Israeli court 4/10 issues restraining order.

APR. 8. First round of elections for Iranian Majlis (parliament); second round held 5/13. Western journalists report 5/30–6/5 that voting results in victory for

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supporters of economic radicalism and heavy losses for conservatives allied with pro-capitalist mercantile class, many of whom oppose continued war with Iraq.

APR. 11. Israel deports to Lebanon 8 Palestinians accused of being leaders of uprising, and issues orders for 12 more to be expelled, including 6 accused of throwing stones in Beita.

APR. 14. 10 US sailors are injured when frigate *Samuel B. Roberts* strikes a mine in Persian Gulf near Bahrain. US Navy 4/15 locates and destroys 2 mines, similar to type known to have been used previously by Iran, near site of incident. Six US warships 4/18 shell 2 Iranian oil drilling platforms, which US says were being used as radar stations. Later that day US naval forces sink or disable 6 Iranian ships which attacked American vessels in a series of clashes in southern Gulf.

APR. 16. Khalil Wazir (a.k.a. Abu Jihad), military chief of PLO, is assassinated at his home in Tunisia. The Israeli government refuses to disclaim charges of responsibility for killing. On same day, Israeli troops open fire on a riot in Gaza Strip, killing 14 Arab demonstrators.

APR. 18. Iraq recaptures Fao Peninsula in southern Iraq from Iranian occupiers after a surprise attack 4/17.

— John Demjanjuk, a naturalized US citizen, is convicted in Jerusalem of having been a gas chamber operator at a Nazi death camp during World War II, and is sentenced to death.

APR. 25. PLO chief Yasir Arafat meets in Damascus with Syrian President Hafez al-Assad for first time since 1983 split within PLO.

APR. 26. Saudi Arabia breaks diplomatic relations with Iran in response to 1987 riot by Iranian pilgrims in Mecca and continuing Iranian harassment of Persian Gulf shipping. Saudi Arabia gives its diplomats in Iran one week to leave country.

MAY 2–3. Up to 2,000 Israeli troops enter Israel's self-declared security zone in southern Lebanon in effort to hunt for Palestinian guerrillas; they fail to engage any Palestinians but do move north of security zone into Bekaa Valley and 5/4 combat Shi'ite militiamen at village of Maidun. Israelis succeed in taking town in engagement that takes lives of 2 Israelis and 40 Lebanese and destroys most of Maidun's 50 houses. The remaining houses are bulldozed and dynamited by Israeli-allied Southern Lebanon Army after Israeli forces withdraw 5/4.

MAY 4. Three French hostages in Lebanon, held since 1985, are released by their captors, Shi'ite group Islamic Jihad, to French representatives in Beirut, 4 days days before final round of French presidential elections. French Prime Minister Jacques Chirac publicly thanks Iran for its intervention 5/5.

MAY 6. Israel orders expulsion of Mubarak Awad, Palestinian-American advocate of civil disobedience in West Bank and Gaza. Awad 5/6 begins hunger strike in protest, and US State Department makes statement that he should not be forced to leave Israel without due process. Israeli Supreme Court 5/8 delays Awad's deportation pending a hearing. Supreme Court upholds expulsion 6/5; Awad is put aboard flight to New York 6/13. US State Department 6/13 says it "strongly objects" to expulsion.

— Fighting breaks out in southern suburbs of Beirut between rival Shi'ite Muslim soldiers of Hezbollah and Amal militias, allied with Iran and Syria, respectively. A cease-fire is declared 5/11–12, but breaks down 5/13. After Hezbollah successfully wrests control of approximately 80% of southern suburbs from Amal, in fighting that leaves between 300 and 400 dead and at least 1,000 injured, Syria and Iran 5/26 agree to a plan for Syrian troops to move in and Hezbollah and Amal to withdraw. A car bomb explodes near offices of Phalangist Party in Christian East Beirut 5/30, killing at least 20 people and wounding 75.

MAY 25. Iraqi troops surprise Iranians in Shalamcheh area east of Basra and drive them out, ending Iranian occupation that began 1/87. Iraq 5/27 invites Western journalists to visit area, where they view hundreds of Iranian corpses and prisoners. Iran attacks Shalamcheh area 6/13, claims it has recaptured some territory and inflicted heavy Iraqi casualties; Iraq 6/13–14 reports that it has blunted Iranian attack. Western satellites 6/14 show that Iranians failed to make significant territorial gains.

JUNE 3. Secretary of State Shultz arrives in Egypt to discuss US peace proposal. Travels 6/4 to Jordan, and to Israel, where he meets with Prime Minister Shamir 6/5. Continues to Syria 6/6, where he meets with President Assad; returns to Cairo 6/7. Shultz reports no progress on the peace proposal.

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JUNE 9. Three-day emergency summit of Arab League ends in Algiers; resolution is approved to provide "all possible support by all possible means" for Palestinian uprising in West Bank and Gaza, but summit rejects public promise of financial aid to PLO.

JUNE 16. Iran and France formally restore diplomatic relations, broken off 8/87, after 5 weeks of talks. British parliamentary delegation visits Tehran 6/19–22; pronounces visit a "modest success" and call on British government to restore diplomatic presence in Iran.

JULY 3. US cruiser *Vincennes*, minutes after becoming engaged in a skirmish in Persian Gulf with several Iranian gunboats, shoots down an Iranian commercial jet; all 290 persons aboard jet are killed. President Reagan calls incident "an understandable accident," and promises full investigation. Reagan also says that airliner failed to respond to several warnings from *Vincennes*, which US claims mistook jet for an F-14 fighter aircraft. President Reagan 7/11 announces US will offer compensation to families of victims; House Armed Services Committee holds hearings on the compensation proposal 8/3–4, at which virtually all testifying oppose the idea. UN Security Council 7/20 unanimously adopts resolution expressing "deep distress" over shooting down of airliner. A Navy report on incident released 8/19 finds no fault with ship's Aegis radar system, and attributes mistake to nervousness and inexperience of crew of *Vincennes*. US Secretary of Defense Frank Carlucci says that crew errors were not "crucial" and that Iran itself was chiefly responsible for incident.

JULY 8. Saudi Arabia agrees with Britain to buy arms worth $12 billion to $30 billion, reportedly including 50 Tornado fighter jets, 50 Hawk jet trainers, more than 80 helicopters, 6 to 8 minesweepers and complete construction of 2 air bases.

JULY 18. In letter to UN Secretary-General Javier Pérez de Cuéllar, President Ali Khamenei of Iran accepts UN Security Council Resolution 598, passed 7/20/87, which calls for immediate cease-fire in Iran-Iraq War and withdrawal to internationally recognized borders. Official statement 7/19 by Iranian leader Ayatollah Ruhollah Khomeini says decision to end war "was more deadly than taking poison." Iraqi Foreign Minister Tariq Aziz 7/19 says Iraq will continue to fight until Iran agrees to peace talks; Iraq launches air raids on Iranian industrial targets 7/19.

JULY 20. Secretary-General Pérez de Cuéllar announces 7/20 that UN is sending team of negotiators to Iran and Iraq to bring about cease-fire, they arrive in Tehran 7/24. Iraq 7/22 launches offensive on war's central front, claiming to conduct 300 bombing missions; Iran claims Iraq briefly occupies 3 border cities. Both sides say 7/22 that they will send foreign ministers to meet with Pérez de Cuéllar in New York. Iran reports 7/23 that Iraqi forces using chemical weapons have advanced more than 40 miles into Iran, toward city of Ahwaz; fighting ends 7/24 and Iraq announces 7/25 that it will withdraw from territory captured preceding week. Iran announces 7/26 that it is willing to use its influence to hasten release of American hostages held in Lebanon if US frees Iranian assets in US frozen since 1979. Pérez de Cuéllar 7/26–27 holds separate talks with foreign ministers of Iran and Iraq in New York.

JULY 31. King Hussein surrenders Jordan's claim to West Bank in favor of PLO, and announces he will cut all legal and administrative ties to Israeli-occupied territory. PLO 8/3 announces it will uphold its responsibilities as Palestinian people's sole legitimate representative, but criticizes Jordan for not consulting with it before making or announcing decision. Jordan 8/4 says it will stop paying salaries of 21,000 Palestinian civil servants on West Bank.

AUG. 8. UN Secretary-General Pérez de Cuéllar announces that Iran and Iraq have accepted UN peace terms calling for a cease-fire to take effect 8/20.

AUG. 18. Lebanon's parliament fails to elect pro-Syrian Christian leader Suleiman Franjieh president as planned when it is prevented from convening by right-wing Christian militiamen.

AUG. 20. Cease-fire officially begins in Iran-Iraq War. 350 members of a UN peacekeeping force drawn from 25 countries take up positions on Iran-Iraq border. Iraqi Foreign Minister Aziz and Iranian Foreign Minister Ali Akbar Velyati meet for peace talks mediated by Secretary-General Pérez de Cuéllar in Geneva 8/25. Talks stall 8/26 over Iraqi insistence that it be given sole control over Shatt-al-Arab waterway. Talks recess 9/13 without progress.

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AUG. 29. US Justice Department, citing "foreign policy considerations," drops legal suit designed to shut down office of PLO in New York.

AUG. 30. Turkey officially opens its border to Kurds fleeing Iraqi offensive against Iraqi Kurdish rebels; more than 100,000 Kurds are reported to have entered Turkey since offensive began on 7/30. Many refugees claim to have witnessed poison gas attacks on Kurdish villages. Iraqi Foreign Minister Aziz 9/3 admits that large numbers of Kurds have fled Iraq, but denies use of chemical weapons. *The New York Times* 9/7 reports that Turkish authorities have transferred at least 2,000 refugees away from border area against their will. US Senate votes unanimously 9/9 to suspend US credit to Iraq and requires US representatives in international financial institutions to vote against lending to Iraq; bill goes to House. Turkey 9/9 and 9/13 says its doctors have not been able to confirm that Kurdish refugees are suffering from effects of poison gas.

SEPT. 12. Rudolf Cordes, last remaining West German being held hostage in Lebanon, is freed after 20 months in captivity. Cordes' captors release statement that his freeing came "because of guarantees for settlement of the Hamadei brothers problem"; West German Foreign Ministry denies making any concessions 9/13.

SEPT. 19. Israel launches a satellite into orbit, designed to collect data on Earth's magnetic field; Israel becomes 8th nation in world to launch a satellite.

SEPT. 22. Lebanese President Gemayel, minutes before his term is due to expire, names a Christian general, Michel Aoun, to head a provisional military government, after Christian militiamen had prevented parliament from convening to name Gemayel's successor. Acting Premier Selim al-Hoss 9/23 refuses to recognize new government and declares that he holds power.

SEPT. 29. An international tribunal meeting in Geneva convened in 1986 to rule between Israel and Egypt over rights to a beach at Taba in Sinai Peninsula decides in favor of Egyptian claim.

SEPT. 30. British Foreign Secretary Geoffrey Howe and Iranian Foreign Minister Velyati meet at UN in New York and agree to reopen relations between their countries, which have been broken for more than a year.

OCT. 1. The Islamic Jihad for Liberation of Palestine in Beirut releases a statement saying it will free one of 4 Beirut College professors held captive for 20 months, in order to encourage US support for Palestinian uprising in West Bank. The terrorist group 10/3 releases Mitheleshwar Singh, an Indian national. The 3 other professors, all Americans, remain captives.

OCT. 19. Seven Israeli soldiers are killed in southern Lebanese border town of Metulla by a suicide car bomber. Israeli jets attack Hezbollah and PLO camps near Sidon and in Bekaa Valley 10/21, killing as many as 15.

OCT. 30. A bus passing through Jericho on West Bank is firebombed by Arab youths; an Israeli woman and her 3 children are killed. Israeli troops 10/31 arrest 7 suspects, 3 of whom confess.

OCT. 31. Associated Press correspondent Terry Anderson, held captive by Islamic Jihad group in Lebanon since 3/85, is shown on videotape released by his captors appealing for next US president to end US refusal to deal with hostage takers.

NOV. 1. In Israeli parliamentary elections, conservative Likud bloc wins 39 seats in 120-member Knesset, Labor Party 38. Parties traditionally allied with Likud win 7 additional seats (for a total of 46 seats) and parties allied with Labor win 10 (total, 48 seats). Arab and far-left parties win 8 seats, and religious parties win 18 seats, an increase of 6. Likud leader Shamir declares victory 11/2, saying Likud will be able to form coalition with most or all of religious parties. President Chaim Herzog 11/14 formally asks Shamir to form a new governing coalition.

NOV. 12. Palestine National Council (PNC), parliament in exile of PLO, convenes in Algiers. PNC 11/14 votes 253–46 explicitly to accept UN Security Council Resolutions 242 (calling on Israel to withdraw from territories occupied in 1967 war and proclaiming right of all countries in region "to live in peace within secure and recognized boundaries") and 338 (a 1973 call for immediate implementation of 242); PNC had previously resisted accepting resolutions because they imply legitimacy of Israel, and because 242 does not acknowledge Palestinian national rights. PLO leader Arafat 11/15 reads declaration establishing an independent state of Palestine "on our Palestinian territory, with holy Jerusalem as its capital."

NOV. 26. US State Department announces it has decided to deny a visa to PLO

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leader Arafat, which he is seeking in order to address UN General Assembly debate on Palestine. General Assembly 11/30 votes 151–2 to deplore US decision. US 12/1 refuses to reconsider and Assembly votes 154–2 to move debate on Palestine to Geneva.

DEC. 4. Israeli President Herzog grants Likud leader Shamir a 3-week extension in his effort to form a coalition government.

DEC. 6. Yasir Arafat begins 2 days of discussions in Stockholm with a group of American Jews including Rita Hauser, chairman of US branch of Tel Aviv-based International Center for Peace in Middle East. At conclusion of discussions 12/7 both sides issue a statement saying that PNC has established an independent Palestinian state and recognizes Israel as a "state in the region," and that PNC rejects terrorism "in all its forms."

DEC. 8. Dozens of Israeli ground troops, supported by jets and helicopters, land by sea just south of Beirut and destroy headquarters of a militant Palestinian guerrilla group near town of Al Naameh, killing at least 20 people.

DEC. 12. Human rights organization Amnesty International charges that Iranian government has executed at least 300 people, and probably thousands, since 6/88 in a wave of political executions aimed at supporters of Kurdish and leftist groups.

DEC. 13. Arafat addresses UN General Assembly meeting in Geneva. Arafat calls on Israel to open peace negotiations with PLO, but fails to meet US demand that he explicitly recognize Israel's right to exist. Arafat 12/14 holds a news conference at which he accepts right of "Palestine, Israel and other neighbors" to exist in peace, renounces terrorism and accepts UN Resolutions 242 and 338. Hours later, US Administration announces it will open a "diplomatic dialogue" with PLO. Secretary of State Shultz designates Robert Pelletreau, US ambassador to Tunisia, to be liaison with PLO. Pelletreau 12/16 holds formal talks with a PLO delegation headed by Yasir Abed Rabbo in Carthage, Tunisia.

DEC. 16. Israeli troops fire into stone-throwing crowd of Palestinians gathered for funeral of a man who was shot during a demonstration 11/25. Four Palestinians are killed and at least 42 are wounded.

DEC. 19. Yitzhak Shamir and Shimon Peres announce agreement to form a new "national coalition" government, to be headed by Shamir. The post of foreign minister is to go to Likud's Moshe Arens, and Labor Party is to be represented by Yitzhak Rabin as defense minister and Peres as finance minister. The parties also agree to limit number of new Israeli settlements built in occupied West Bank to 8 per year. Likud's central committee approves coalition 12/20; Labor Party follows 12/21; coalition government is sworn in 12/22.

DEC. 20. The International Committee of the Red Cross suspends operations in Lebanon and withdraws its 17-member staff after they receive death threats.

DEC. 21. President Reagan says in a television interview that US and allies are discussing an alleged chemical armaments plant being constructed near Rabata, Libya, and refuses to rule out use of force to destroy it. Libyan leader Muammar al-Qaddafi 12/30 claims plant is designed to produce pharmaceuticals, offers to allow international inspection; State Department refuses as too easily misleading. US is reported 12/31 to have alleged to West Germany that a German chemical firm, Imhausen-Chemie, assisted in design and construction of Libyan plant.

DEC. 23. Amal militia and PLO agree to end 3 years of fighting in southern Lebanon and open roads near Sidon and Tyre to civilian traffic.

DEC. 29. Two French girls, Marie-Laure and Virginie Bétille, are freed by the Palestinian Abu Nidal terrorist group after being held hostage since they were kidnapped 11/87 with their mother and 5 Belgians from a boat moored off the Gaza coast.

SOUTH ASIA

JAN. 4. Soviet Foreign Minister Eduard Shevardnadze visits Afghan leader Najibullah in Kabul; 1/6 says USSR hopes to withdraw all troops from Afghanistan by end of 1988; says USSR would like to see broad coalition government established after Soviet withdrawal, but says "the direction of national reconciliation is the affair of the Afghans themselves."

JAN. 15. President Reagan signs a waiver exempting Pakistan from compliance

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with US nuclear nonproliferation laws and allowing US to renew aid to Pakistan. Fiscal year 1988 budget passed by Congress required president to sign such a waiver before aid could be sent to Pakistan.

JAN. 24. Police in Bangladesh port city of Chittagong open fire on a crowd of protest marchers, killing at least 8 and wounding 100. In several confrontations with police 2/10 during local elections, more than 100 protesters are killed and hundreds are wounded.

JAN. 30. Indian Prime Minister Rajiv Gandhi dissolves government of Tamil Nadu state and places it under presidential rule after a 1/28 brawl on floor of state assembly results in injury of more than 30 legislators.

FEB. 8. Soviet General Secretary Mikhail Gorbachev announces that Soviet troops will begin to leave Afghanistan by 5/15 and complete their withdrawal by 2/15/89, if a settlement is reached in Geneva peace talks between Afghanistan and Pakistan by 3/15/88. Gorbachev also agrees to US insistence that large portion of Soviet pullout should take place at beginning of withdrawal period, and that Soviet departure not be contingent on whether a pro-Soviet government remains in power in Kabul.

FEB. 16. Head of leftist People's Party in Sri Lanka, Vijaya Kumaranatunge, is assassinated by ethnic Sinhalese gunmen identified by police as belonging to People's Liberation Party (JVP), a group opposed to 1987 peace with Tamil rebels.

FEB. 19. Bombs explode in or near 4 district courts in India's Punjab state, killing 34 and raising death toll in violence between Sikh separatists and Hindus in state to 230 since beginning of 1988.

FEB. 25. Prime Minister Gandhi announces successful testing by India of a surface-to-surface missile with a range of 150 miles, which defense experts suggest could be used to deliver a nuclear warhead.

MAR. 23. Indian constitution is amended by parliament to grant Prime Minister Gandhi emergency powers to suspend some civil rights in Punjab state and to extend central government's rule over state for 3 years.

APR. 4. An Indian state court of appeals judge orders Union Carbide Corp. to pay 2.5 billion rupees ($193 million) in interim damages, pending a final decision in a 3.3 billion-rupee suit against Union Carbide by Indian government for victims of 1984 gas leak at Bhopal that killed over 2,000 people. Decision upholds 1987 district court decision, but reduces by one billion rupees that court's assessment of interim damages.

APR. 12. A state of emergency in Bangladesh, in effect since antigovernment riots 11/87, is lifted by President Hossein Mohammed Ershad.

APR. 14. Representatives of Afghanistan, Pakistan, US and Soviet Union, meeting in Geneva under UN mediation, sign an agreement calling for Soviet troop withdrawal from Afghanistan, to begin 5/15 and be complete by 2/15/89. Pakistan and Afghanistan also sign agreements not to interfere in one another's affairs and to allow voluntary repatriation of thousands of refugees from Afghanistan conflict. US and Soviet Union also sign an agreement to serve as guarantors of agreements and to refrain from interfering in signatories' internal affairs.

APR. 25. Pakistan tests a surface-to-surface missile, reportedly built with Chinese assistance, capable of carrying a nuclear warhead, reported to have a range of 185 miles.

APR. 28. In local elections in central and southern regions of Sri Lanka, ruling United National Party of Prime Minister Julius Jayewardene wins a majority of positions. Tamil guerrillas kill more than 150 Sinhalese and Muslim peasants in attacks on villages in Northern and Eastern provinces 3/2–5/1.

MAY 9. Three thousand Indian government troops and police lay siege to 200 Sikh militants in Golden Temple in Amritsar, Punjab, after militants shoot and wound a district police chief. By 5/18, when remaining Sikh occupiers surrender, at least 46 persons, most of them militants, have been killed in siege.

MAY 15. Soviet Union officially begins to pull its more than 100,000 troops out of Afghanistan. First withdrawal convoy of 230 armored personnel carriers and tanks carrying 1,200 Soviet troops crosses into Soviet territory 5/18. USSR 5/25 reports that 13,310 of its soldiers had been killed in war and 35,478 had been wounded.

MAY 27. President Najibullah of Afghanistan names Mohammed Hassan Sharq

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to replace Soltan Ali Keshtmand as prime minister, and 5/29 convenes first Afghan parliament to meet since 1973, in Kabul.

MAY 29. Pakistani President Muhammad Zia ul-Haq dissolves national parliament and dismisses his prime minister, Muhammad Khan Junejo. Zia declares he is taking action because law and order in Pakistan has "broken down to an alarming extent," apparently a reference to recent outbreaks of ethnic rioting in Karachi. Zia also dissolves local governments and assemblies in Baluchistan (5/29), Punjab, Sind and Northwest Frontier province (5/30). Zia announces 6/15 that all future law-making must conform with Islamic law.

JUNE 7. Indian army begins withdrawing 3,000 to 5,000 troops from peacekeeping role in Sri Lanka, out of a total of 50,000.

JUNE 17. Qalat, Afghanistan, becomes first provincial capital to fall to mujahedeen rebels since beginning of Soviet troop pullout. Maidan Shahr, another provincial capital, falls to rebels 6/26, but Soviet and Afghan troops recapture it next day. City of Mohammad Agha, a provincial capital 18 miles south of Kabul, falls into rebel hands 7/1. Provincial capital of Kunduz falls to rebels 8/11; Afghan government announces that it has retaken Kunduz 8/15. USSR announces 8/14 that it has met its interim goal of withdrawing half its troops from Afghanistan, and that Soviet troops have withdrawn from 25 of country's 31 provinces.

JULY 20. Pakistani President Zia announces that elections will be held 11/16 for members of a new national assembly.

AUG. 7. Seven Indian opposition parties join to form National Front coalition, to be headed by a former member of Prime Minister Gandhi's cabinet, Vishwanath Pratap Singh. Movement seeks defeat of prime minister in elections due before end of 1989.

AUG. 17. Pakistani President Zia is killed when transport airplane he is traveling in explodes minutes after takeoff from Bahawalpur, near Indian border, en route to Rawalpindi, 300 miles to north. Also killed aboard plane are US Ambassador to Pakistan Arnold Raphel and 28 others, including several senior Pakistani army officers and chief US military attaché in Pakistan. Ghulam Ishaq Khan, chairman of Pakistani Senate, assumes power as acting president 8/17 and promises that elections for national assembly will proceed as scheduled.

AUG. 19. Ganges and Bramaputra rivers in Bangladesh begin flooding; by 9/6, when floods begin to recede, 25 million people are reported homeless, and three-quarters of country is estimated to be under water.

AUG. 30. US State Department accuses USSR of violating Geneva accords on Afghanistan by using Soviet-based bombers to strike Afghan rebel positions. Soviet Union 8/31 admits to attacks, but disagrees that they violate accords.

OCT. 16. A Pakistani military board of inquiry reports that 8/17 plane crash that killed President Zia was due to "a criminal act of sabotage." Report does not accuse any person or group of sabotage, and does not speculate as to how sabotage was carried out.

NOV. 3. Attacking force of 150 ethnic Tamil mercenaries recruited in Sri Lanka attempts a coup against President Maumoon Abdul Gayoom of the Maldive islands. Coup attempt, believed organized by Gayoom's political opponents, is broken up night of 11/3 by 1,600 Indian paratroopers and 3 Indian gunboats; 14 are killed in fighting and 40 are wounded. Indian navy off coast of Sri Lanka 11/6 seizes a cargo ship carrying 46 fleeing mercenaries and 20 hostages.

NOV. 16. In elections for Pakistan's National Assembly, opposition Pakistani People's Party wins 92 of 205 contested seats in 237-member body, followed by conservative Islamic Democratic Alliance with 55 seats, Mohajir National Movement with 13 seats. Another 45 seats are won by independent candidates and representatives of minor parties. PPP leader Benazir Bhutto 11/17 calls on acting President Ishaq Khan to allow her to form a governing coalition. In local elections held 11/19, IDA captures governments of 3 of nation's 4 provinces, PPP wins only 1.

NOV. 18. Soviet President Gorbachev arrives in New Delhi for 3-day visit to India.

NOV. 30. Pakistan's National Assembly convenes in Islamabad; in legislative voting to fill 20 seats reserved for women, PPP raises its contingent to 104 seats. Benazir Bhutto is named prime minister of Pakistan 12/1 by acting President Ishaq Khan. In her inaugural address 12/2, Bhutto promises to undertake ambitious programs to aid poor, and to have Pakistan "stand for the causes of the Third

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World and the Islamic World" in foreign affairs. Bhutto 12/3 releases all political prisoners and commutes all death sentences to life imprisonment. Bhutto 12/4 names cabinet, reappointing President Zia's foreign minister, Yaqub Khan. Ishaq Khan is elected to 5-year term as president 12/12, by electoral college vote of 348–446.

DEC. 3–5. Soviet First Deputy Foreign Minister Yuli Vorontsov leads an official Soviet delegation to a meeting with representatives of Afghan rebel alliance at Taif, Saudi Arabia, to discuss makeup of a transitional Afghan government to take power before 2/89 completion of Soviet troop withdrawal from Afghanistan, safe passage for withdrawing Soviet troops and a reported rebel promise not to attack major cities until Soviets have left.

DEC. 20. Presidential elections are held in Sri Lanka despite threats from ethnic Sinhalese militants to disrupt voting. Prime Minister Ranasinghe Premadasa of governing United National Party wins with 50.4% of votes; former Prime Minister Sirimavo Bandaranaike of Sri Lanka Freedom Party comes in second with 44.9% and a left-wing candidate, Oswin Abeygoonasekera, captures 4.6%. At least a dozen people are killed by gunmen firing on polling places.

DEC. 29. India's Prime Minister Gandhi visits Pakistan for talks with Prime Minister Bhutto. India and Pakistan 12/31 agree not to attack each other's nuclear power installations.

EAST ASIA AND THE PACIFIC

CHINA AND NORTHEAST ASIA

JAN. 10. Chinese weekly newspaper *Liaowang* publishes interview with Soviet General Secretary Mikhail Gorbachev, who proposes a summit meeting with Chinese leaders. Chinese Foreign Ministry rejects offer 1/12, citing a lack of progress in withdrawal of Soviet-allied Vietnamese troops from Cambodia.

JAN. 12. Japanese Prime Minister Noboru Takeshita arrives in Washington for 4-day visit. Meets with President Reagan 1/13; they discuss ways to reduce US trade deficit with Japan, stabilize falling dollar and reduce Japanese interest rates.

JAN. 13. Chiang Ching-kuo, Taiwan's president since 1978, dies of heart attack. Chiang is succeeded immediately by Lee Teng-hui, who had been vice president. Zhao Ziyang, Chinese Communist Party general secretary, sends condolences 1/14, praises Chiang's efforts to reunify China.

JAN. 15. Kim Hyon Hui, a self-identified North Korean agent, publicly confesses in a live South Korean television broadcast to having helped plant bomb that destroyed a Korean Air Lines jet over Thai-Burmese border 11/29/87.

JAN. 16. High Court of Republic of China (Taiwan) sentences 2 dissidents to long prison terms for violating country's National Security Law after they organized Formosa Political Prisoners Association, a group supporting Taiwanese declaration of independence from mainland China.

JAN. 27. Central Standing Committee of Taiwan's ruling Kuomintang (Nationalist Party) names President Lee Teng-hui acting party chairman. Kuomintang 2/3 approves reforms of national legislature, calling for elderly members to be offered pensions and asked to retire, and for increase in number of seats to be filled by native-born Taiwanese through open elections.

FEB. 8. Kim Young Sam, the leader of South Korea's largest opposition political group, Reunification Democratic Party, resigns his party leadership in what he says is an attempt to unify South Korean opposition.

FEB. 10. Government of Hong Kong issues policy statement calling for only minor reforms in British colony's legislature before direct legislative elections are held in 1991. Proposed reforms retain restriction on number of directly elected legislators.

FEB. 25. Roh Tae Woo is inaugurated as president of South Korea, beginning a 5-year term. Roh announces general amnesty 2/26, covering more than 7,000 prisoners held on political and criminal charges.

MAR. 5. Police in Lhasa, Tibet, clash with hundreds of Buddhist monks and thousands of other pro-independence demonstrators, resulting in at least 18 deaths.

MAR. 7–9. Chinese Foreign Minister Wu Xueqian meets in Washington with

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President Reagan and Secretary of State George Shultz for talks concerning trade and Chinese relations with Iran. Administration 3/9 lifts sanctions on sale of American high-technology goods to China, originally imposed 10/87 following charges of Chinese sale of Silkworm antiship missiles to Iran.

MAR. 22. Toshiba Machine Company is found guilty of illegally selling sophisticated computer technology and tools for submarine propeller blade production to Soviet Union. Company is fined equivalent of $15,750 and 2 former company executives are given suspended sentences.

— Chinese government begins accepting bids from foreigners for long-term leases of land-use rights in Shanghai, marking first time Communist government has allowed foreigners to control land in China.

MAR. 25-APR. 13. China's National People's Congress (parliament) holds its annual session in Beijing. Acting Premier Li Peng opens congress, calling for continued economic reforms. Congress 4/8 reelects Deng Xiaoping to office of chairman of Central Military Commission, and 4/9 officially confirms Li as premier.

MAR. 29. US and Japanese trade negotiators, meeting in Washington, reach agreement to open Japanese public works projects to bidding by US construction firms, ending a 2-year dispute.

APR. 26. South Korea holds elections for National Assembly. President Roh's Democratic Justice Party wins 125 of 299 seats, well short of a majority, and opposition parties win a combined 164 seats. DJP share of votes drops to 33.6% from the 36.6% Roh captured in winning presidency in 1987.

MAY 13. Director general of Japan's National Land Agency, Seisuke Okuno, resigns because of controversy stirred up by his comments indicating that Japan had not been an aggressor nation in its expansion in Asia before and during World War II.

MAY 15. A South Korean student, Cho Sung Man, kills himself by jumping from a Seoul building, leaving a note denouncing US and calling for reunification of Korea. 1,200 students in Seoul riot 5/16 when their march in support of Cho is stopped by police. Rioting continues in Seoul 5/18; 10,000 students hold a rally in Seoul 5/19; and 5 students 5/20 throw 6 homemade bombs at US embassy. Rioting continues 5/22–23 in Kwangju.

— China removes price controls on eggs, pork, vegetables and sugar in Beijing and Shanghai as part of an effort to move toward a free market in foodstuffs.

MAY 20. A government-sanctioned protest in Taipei by farmers against Taiwan's agricultural policies turns into a riot when it is joined by other antigovernment protesters; 200 persons are injured in clashes with police, 100 are arrested.

MAY 23. Japan releases a 5-year economic plan calling for an annual increase in domestic demand of 4.25%, and overall economic growth of 3.75%. Plan also calls for reducing Japan's trade surplus to "an internationally harmonious level."

MAY 26. South Korean students attack a US bank in Seoul; on same day Choi Duk Soo, a student at Dankuk University in Seoul, dies from burns inflicted when he set himself on fire during antigovernment protest 5/18. 10,000 students demonstrate at Choi's funeral 5/30. Three thousand students 6/3 announce they plan 6/10 march to border village of Panmunjom for reunification talks with North Korean students. At least 25,000 students protest 6/9 on 78 university campuses throughout South Korea. On 6/10, massive police force succeeds in preventing planned march to Panmunjom by estimated 25,000 protesters; at least 100 students are injured and 800 are arrested when 5,000 students riot against police at Seoul's Yonsei University. President Roh announces 7/7 that he will end South Korean government's policy of confrontation with North and will seek to improve intra-Korean relations.

JUNE 2. US Defense Secretary Frank Carlucci begins 8-day visit to Japan and South Korea. Carlucci 6/6 issues statement in Tokyo warning Japan that Soviets still present a military threat in Far East. On arrival in Seoul 6/7, Carlucci pledges US troops will stay on Korean Peninsula "as long as they are needed here and as long as the Korean people want us to stay."

JUNE 14. Japanese cabinet approves plans to spend US$50 billion in foreign aid in fiscal years 1988–89, about double amount spent during previous 5 years.

JUNE 15. Exiled spiritual leader of Tibet's Buddhists, the Dalai Lama, proposes that China grant Tibet limited autonomy but retain control over region's foreign affairs. Proposal is circulated at a meeting of European Parliament in Strasbourg,

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France, but a scheduled speech by Dalai Lama is canceled, reportedly to avoid angering Chinese government.

JULY 6. Two Japanese business executives, chief executive of country's leading financial newspaper, *Nihon Keizai Shimbun*, and chairman of Recruit Company, resign when newspaper *Asahi Shimbun* reports that several aides to Prime Minister Takeshita and other top politicians made huge profits in trading shares of Recruit Cosmos, Inc., a real estate firm.

JULY 7. Taiwan's ruling Kuomintang opens its 13th congress near Taipei. President Lee 7/8 is confirmed as party chairman. Delegates 7/12 elect a new 180-member central committee to replace existing 150-member body. Many young and native Taiwanese members are elected to central committee to replace retiring officials, many of them born on Chinese mainland. President Lee 7/20 names new 8-member cabinet, 5 of whose members are native Taiwanese; marks first time native Taiwanese have formed a cabinet majority.

AUG. 14. About 4,000 students gather at Yonsei University in Seoul in preparation for second attempt to march north to Panmunjom to meet students from North Korea. Riot police 8/15 arrest at least 1,200, prevent planned march from occurring.

AUG. 17. Chinese Communist Party Politburo approves a 5-year plan to remove or liberalize price controls on all but a few basic commodities. Government removed price controls on cigarettes and alcohol 7/25.

AUG. 19. Talks open between North and South Korea in Panmunjom, designed to set stage for a joint session of 2 countries' parliaments. North Korea declares 8/19 that withdrawal of US troops is no longer a precondition to negotiations for an intra-Korean nonaggression pact; demands to cohost upcoming 1988 Olympic Games. Talks break down 8/22, with each side accusing other of unwillingness to compromise. Talks end 8/26.

SEPT. 17-OCT. 2. XXIV Summer Olympic Games in Seoul.

SEPT. 19. Japanese Emperor Hirohito falls seriously ill, suffering from an intestinal hemorrhage. Japanese press reports 9/24 that Hirohito is suffering from cancer.

SEPT. 26. In a speech made to a closed session of China's Communist Party Central Committee, reported by official New China News Agency 10/27, General Secretary Zhao announces steps to control China's inflation rate, currently running between 20% and 50%. Zhao announces that investment in fixed assets is to be sharply reduced and prices on many consumer goods are to be frozen.

OCT. 18. South Korean President Roh becomes first Korean leader to speak before UN General Assembly, appearing at invitation of a majority of UN members. Roh proposes a peace conference for peninsula including US, USSR, China, Japan and 2 Koreas. Roh also calls for a summit meeting with North Korean leader Kim Il Sung and a nonaggression pact between 2 Koreas. North Korean Foreign Minister Kang Sok Ju speaks before assembly 10/19, calling for creation of a unified "cofederal republic" in which both countries would retain their different political and economic systems. US State Department 10/31 announces it will allow its diplomats to engage in substantive discussions with North Korean representatives "in neutral settings," and review restrictions on travel between 2 countries.

NOV. 3. Twenty thousand students at 80 colleges throughout South Korea stage protests denouncing regime of former President Chun Doo Hwan. 10,000 protesters march through Seoul 11/5, demanding Chun be held responsible for human rights abuses and corruption during his 8 years in power. Opposition-controlled National Assembly opens hearings into charges against Chun's government 11/7–9, and hearings into Chun government's handling of 1980 Kwangju student uprising. Chun appears on television 11/23 to apologize for abuses of his administration; immediately after speech, Chun moves into self-imposed internal exile with his wife in a Buddhist monastery near Seoul. President Roh 12/5 replaces 19 members of his 24-member cabinet, including all 6 holdovers from Chun regime.

NOV. 16. North Korea proposes high-level talks with South Korea, to be attended by deputy prime ministers, to resolve political tensions. South Korean Prime Minister Kang Young Hoon responds in 12/28 letter to his North Korean counterpart, Yon Hyong Muk, proposing that both countries' prime ministers meet to build trust in military matters and pledge noninterference in each other's affairs.

DEC. 1. Tibet's party secretary Wu Jinhua is dismissed because of his failure to stabilize the region. Hu Jintao, former party leader in Guizhou province, is named

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to replace him. Police firing "warning shots" in attempt to break up human rights march in Lhasa 12/10 kill a Buddhist monk and wound 13 people.

DEC. 9. Japanese Finance Minister Kiichi Miyazawa resigns after repeatedly changing his account of how an aide speculated in shares of Recruit Company. Hisashi Shinto, chairman of Nippon Telegraph and Telephone, resigns 12/14 after evidence emerges that he received $80,000 kickback from Recruit.

DEC. 19. Soviet Foreign Minister Eduard Shevardnadze meets in Tokyo with his Japanese counterpart, Sosuke Uno, for talks concerning 4 disputed islands off northeast coast of Hokkaido which are claimed by Japan but occupied by Soviets. Shevardnadze meets with Prime Minister Takeshita 12/20. Shevardnadze leaves Japan 12/21 apparently without progress on territorial dispute.

— Indian Prime Minister Rajiv Gandhi arrives in Beijing for a 5-day visit. Gandhi and Deng Xiaoping meet 12/21, announce agreement to "forget the unpleasant past." Chinese Foreign Ministry announces 12/22 that China and India will establish a group to investigate resolution of long-standing border disputes.

DEC. 24. Japanese Diet (parliament) approves sweeping tax reform bill that will cut taxes on income and luxury imported items and raise sales tax, designed to increase revenues to provide for future pension needs.

DEC. 26–29. Thousands of Chinese students and workers march through streets of Nanjing after a 12/24 brawl between Chinese and African students at Hehai University. Chinese students demand that Africans be punished for their part in melee.

DEC. 29. Japanese Justice Minister Takashi Hasegawa, appointed in a cabinet reshuffle 12/27, resigns, saying it would be improper for him to head investigation into Recruit Company scandal since he had received political contributions from firm. Masami Takatsuji, a former judge, is named to replace Hasegawa 12/30.

SOUTHEAST ASIA AND THE PACIFIC

JAN. 18. Philippines holds local elections; 80% voter turnout reported.

JAN. 20. Vietnamese Foreign Minister Ngo Co Thach is reported by 2 visiting US congressmen, Robert Mrazek (D-N.Y.) and Thomas Ridge (R-Pa.) to agree to let all children fathered by American soldiers during Vietnam War emigrate to US within 2 years. Thailand 1/27 begins official policy of turning away Vietnamese refugees attempting to enter Thailand by boat.

JAN. 21. Philippine Defense Minister Rafael Ileto resigns after months of contention with armed forces Chief of Staff Fidel Ramos. President Aquino immediately names Ramos to succeed Ileto as defense minister.

— Cambodian Prime Minister Hun Sen, meeting in France with Prince Norodom Sihanouk, proposes a 24-month schedule for withdrawal of Vietnamese troops from Cambodia.

JAN. 26. Australia marks 200th anniversary of landing of European settlers on continent. Amid celebrations, 15,000 aborigines and thousands of white supporters protest what they call 200 years of discrimination against Australia's native population.

FEB. 4. High Court in Kuala Lumpur rules that Malaysia's ruling party, United Malays National Organization (UMNO), is an illegal organization after several of party's branches fail to register properly under nation's Societies Act. Prime Minister Mahathir Mohamad 2/13 registers a new party, known as UMNO Baru (New UMNO). Mahathir 2/13 also announces that he has defeated an effort by 2 former prime ministers, Abdul Rahman and Hussein bin Dato Onn, to form a new party without Mahathir as its head.

FEB. 15–17. Talks in Bangkok between Thailand's army commander Gen. Chavalit Yongchaiyudh and Gen. Sisavat Keobounphan, chief of staff of Laotian army, reach agreement to end a 3-month-old border conflict between two countries that had claimed lives of approximately 200 Laotians and 50 Thais. Agreement takes effect 2/19.

FEB. 23. According to a Japanese news agency, Vietnam pledges to remove all of its estimated 125,000 occupying troops from Cambodia by end of 1990. Western and Laotian sources report 2/24 that Vietnam has already removed half of its estimated 40,000 troops from Laos.

MAR. 2. Vietnam returns to US remains of 17 US servicemen listed as missing

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in action during Vietnam War. Remains of another 27 MIAs are returned to US 4/6.

MAR. 10. People's Consultative Assembly of Indonesia reelects President Suharto to 5th 5-year term. Suharto 3/21 rearranges his cabinet, replacing 19 members of 38-member body. Suharto says his goal is to promote younger officials to leadership positions while preserving continuity.

— Vietnamese Premier Pham Hung dies. National Assembly of Vietnam 6/22 elects Deputy Chairman Do Muoi to be new premier.

MAR. 13–20. Antigovernment rioting on university campuses in Rangoon leaves as many as 200 Burmese student protesters dead.

MAR. 14. Chinese and Vietnamese warships exchange fire near Spratley Islands, 200 miles east of Vietnam, which both countries claim.

APR. 22. Melanesian separatist rebels on island of Ouvea in French colony of New Caledonia ambush police station, killing 3 policemen and taking 27 hostages. Kidnappers demand that results of 4/24 municipal and presidential elections be voided. Eleven hostages are released 4/24, but 8 French officials who are about to begin negotiations with rebels are kidnapped 4/27. All hostages are freed 5/4 in a raid in which 19 Melanesian kidnappers and 2 rescuers are killed. French Defense Minister Jean-Pierre Chevenement 5/30 announces he will seek disciplinary action against several soldiers involved in rescue, following charges that Alphonse Dianou, rebel leader, died of mistreatment by French soldiers after rescue.

APR. 29. Thai Prime Minister Prem Tinsulanonda dissolves parliament and his cabinet when his Democrat Party splits over whether to approve legislation designed to protect US copyrights. New elections are scheduled for 7/24.

MAY 7. Singapore charges a US diplomat, First Secretary E. Mason Hendrickson, with urging Singaporean dissidents to run for election, and asks that US recall him. US State Department denies charges against Hendrickson but agrees to call him home. Singaporean diplomat H. H. Chua is ordered to return to Singapore by US 5/10 in apparent retaliation.

MAY 12. Government of Vietnam appeals for international aid, declaring that 8 million of its citizens are "seriously short of food," and that 3 million of those are "at the edge of starvation." Vietnam 5/26 formally announces that it will withdraw 50,000 of its troops from Cambodia by end of 1988.

JUNE 2. An agreement to permit commercial mining in Antarctica is signed by 33 nations at a convention of Antarctic Treaty member nations in Wellington, New Zealand. Agreement establishes strict guidelines to protect Antarctic environment.

— Australia's High Court unanimously rejects Britain's attempt to prevent publication in Australia of *Spycatcher*, memoirs of former British spy Peter Wright. Decision marks Britain's final defeat in case.

JUNE 10. Philippine President Aquino signs land reform law calling for breaking up of large private and government-owned estates. Over 10 years, up to 6.9 million acres of land are to be redistributed among 2 million to 3 million landless peasants.

JUNE 21. At least 9 students are killed when Burmese government orders classes at several Rangoon colleges shut down after a week of peaceful antigovernment protests.

JUNE 26. Negotiations in Paris between French government and Melanesian separatists from New Caledonia reach agreement to end local government system established in colony in 1987, to be replaced by direct rule from Paris for a period of 12 months. Agreement also calls for a referendum on self-government to be held in 1998. A slightly revised agreement is reached 8/20 which provides an amnesty for all Melanesians accused of crimes related to independence struggle, except murder.

JULY 1. Foreign ministry of China proposes 4-point peace plan for Cambodia, including creation of a 4-party provisional government comprising current Vietnamese-backed government and 3 rebel groups (Khmer Rouge, Khmer People's National Liberation Front and army of Prince Norodom Sihanouk), freeze on troop strength of all factions in 10-year old civil war, international monitoring of Cambodian elections and withdrawal of all Vietnamese troops from country. China also offers to act as guarantor of a Cambodian settlement.

JULY 13. Vietnam turns over to US officials remains of 25 servicemen listed as missing in action since Vietnam War.

JULY 23. On opening day of a congress of ruling Burma Socialist Program Party

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(BSPP) in Rangoon, Burmese leader Ne Win takes responsibility for recent rioting and announces his resignation as party chairman after 26 years in power. Ne Win calls for a referendum to be held no later than 9/88 to determine if Burmese people want a single-party or multiparty system, but party delegates reject proposal 7/25. Ne Win's hard-line political ally, retired Gen. Sein Lwin, 7/26 is chosen by party's Central Committee to be new chairman.

JULY 24. Parliamentary elections are held in Thailand; Thai Nation party wins largest bloc of seats, but fails to win majority. Prime Minister Prem 7/27 declines an offer from Thai governing coalition to serve another term; acting deputy premier Chatichai Choonhavan, head of Thai Nation party, is named to succeed Prem.

JULY 25. Representatives of warring factions in Cambodian civil war meet in Bogor, Indonesia, for a 4-day informal meeting. Representatives include Khieu Samphan of communist Khmer Rouge, Son Sann of noncommunist Khmer People's National Liberation Front, Prince Norodom Ranariddh (representing his father Prince Sihanouk, who boycotted meeting because of differences with Khmer Rouge), and Premier Hun of Vietnamese-backed Cambodian regime. Representatives from Indonesia, Vietnam, Laos and Association of Southeast Asian Nations (ASEAN) also attend some meetings. Hun introduces a peace plan 7/25; Sihanouk's representatives 7/28 offer an alternative; both suggest a 4-party "national reconciliation council" to guide country toward free general elections, but disagree over whether government should continue to be controlled by Hun's regime until elections. Talks end 7/28 when 4 parties disagree on composition of a final communiqué.

AUG. 8. More that 100,000 people stage antigovernment street demonstrations in Rangoon, Mandalay and Mergui, Burma. Protests spread to 26 Burmese cities 8/9–11; estimates of demonstrators killed by army troops during these 4 days range from government's figure of 95 to Western diplomats' reports of between 500 and 1,500. President Sein Lwin resigns 8/12. Attorney General Maung Maung is named chairman by ruling BSPP 8/19, and is elected president by People's Assembly (parliament). Tens of thousands demonstrate against government in Rangoon and Mandalay 8/22–23. Maung Maung lifts martial law 8/24 in Rangoon, calls for a referendum on one-party rule, and promises to resign if BSPP rejects his proposed referendum.

AUG. 27. Philippine Vice President Salvador Laurel announces formation of a new right-wing opposition coalition, called Union for National Action, leaving governing coalition but retaining office of vice president. Former defense minister Senator Juan Ponce Enrile is named vice chairman of group.

AUG. 28. Soviet Deputy Foreign Minister Igor Rogachev and Chinese Deputy Foreign Minister Tian Zengpei meet in Beijing for talks on Cambodia. No agreement is announced when meetings end 9/1; sticking point is reported to be a timetable for withdrawal of Vietnamese occupying forces.

SEPT. 3. In parliamentary elections in Singapore, People's Action Party of President Lee Kwan Yew wins 80 of 81 seats; opposition maintains control of single seat it held in previous parliament.

SEPT. 10. Central Committee of Burma's ruling BSPP announces plans to hold multiparty elections. Burmese parliament holds special session 9/11, approves multiparty elections to be held in 6 to 12 weeks. Leading Burmese dissidents 9/12 reject government proposal, call for government to step down immediately in favor of an interim government that would conduct elections. Hard-line associate of former leader Ne Win, armed forces Chief of Staff Gen. Saw Maung, stages coup 9/18, promising to "restore law and order" and to hold multiparty elections announced earlier in month. Opposition leaders declare 9/19 that they will not take part in any elections organized by new government. In clashes between armed forces and protesters in Rangoon and Mandalay 9/18–21 at least 400 are killed. Military government 9/26 changes name of BSPP to National Unity Party. Burma Communist Party guerrillas 9/14 attack government positions near border with China; more than 200 guerrillas and 47 government soldiers are killed before rebels are defeated 9/30. Official Radio Rangoon reports 10/3 that national strike of state workers has ended. Government 10/31 lifts restrictions on foreign trade and investment in Burma.

OCT. 17. US Secretary of State George Shultz and Philippine Foreign Minister Raul Manglapus sign interim agreement in Washington to extend American use of military facilities at Subic Bay and Clark Air Base through 1991. US pledges to give

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Philippines $481 million annually in military and economic aid in 1990 and 1991, and to grant Philippines $500 million in export credits between 11/88 and 12/91.

Nov. 22. Australia and US sign a new 10-year pact governing 2 American military intelligence-gathering bases in Australia.

Nov 27. A security guard inside the Yugoslav consulate in Sydney opens fire on Croatian demonstrators, seriously wounding a teenage boy. Australia demands the surrender of the guard 11/28, Yugoslavia refuses 12/1. Australia orders the Sydney consulate closed 12/2 and orders its staff to return home. Yugoslavia complies 12/4 but orders 3 Australians to leave Belgrade embassy 12/5 in retaliation.

Dec. 22. Soviet Foreign Minister Eduard Shevardnadze arrives in Manila for a 24-hour visit. Philippine Foreign Minister Manglapus tells reporters that Shevardnadze hinted that Soviets are considering a future unilateral pullout from their naval base at Cam Ranh Bay in Vietnam.

LATIN AMERICA

Mexico, Central America and the Caribbean

Jan. 4. International commission, composed of representatives of 13 Latin American countries, set up to verify compliance with 1987 Central American peace agreement, begins tour of Nicaragua, Guatemala, Honduras and El Salvador.

Jan. 5. Salvadoran President José Napoleón Duarte charges that leftist rebels killed president of Salvadoran Human Rights Commission, Herbert Ernesto Anaya Sanabria 10/87 in order to give themselves a pretext to call off peace talks with government. A guerrilla, Jorge Alberto Miranda, had confessed to killing after being arrested 12/87 and repeated his confession on television 1/4. Miranda recants his confession 2/18 and claims he was drugged and abused while in prison.

Jan 7. Caribbean Community and Common Market issues statement criticizing irregularities in the failed 11/87 Haitian elections, but declines to apply punitive sanctions. Haitian government-appointed electoral council 1/9 bars presidential candidates associated with former dictator Jean-Claude Duvalier from running in upcoming rescheduled elections.

Jan. 12. Costa Rican President Oscar Arias Sánchez orders 3 Nicaraguan contra leaders living in his country—Alfonso Robelo Callejas, Alfredo César Aguirre and Pedro Joaquín Chamorro—to give up their armed struggle against Nicaraguan government or leave Costa Rica.

— Vice president of Honduran Human Rights Defense Committee, Miguel Angel Pavón, is murdered in San Pedro Sula, Honduras. A few days before his death, Pavón had testified before international verification commission investigating compliance with Central American peace plan.

Jan. 16. On second day of a 2-day summit meeting, in San José, Costa Rica, of 5 Central American presidents who signed Central American peace plan Nicaraguan President Daniel Ortega Saavedra agrees to negotiate directly with members of Nicaraguan Resistance, end national state of siege, free political prisoners and hold municipal and parliamentary elections. Presidents also vote to abolish international verification commission, and decide not to extend deadline for compliance with peace plan, which officially expired 1/15.

Jan 17. Elections are held in Haiti. Turnout, officially 35 percent, is reported to be as low as 5 percent, due to popular suspicions of government fraud and a boycott by leading opposition candidates. Government-appointed electoral council 1/24 announces that a former exile, university professor Leslie Manigat, captured 50.3 percent of vote. Manigat is sworn in 2/7, pledging to lead his nation to democracy. Haitian National Assembly, also elected in 1/17 vote, 2/9 unanimously approves Manigat's appointment of Martial Celestin as premier.

Jan. 19. Nicaragua lifts 6-year-old state of siege and abolishes Popular Anti-Somocista Tribunals.

Jan. 28. Sandinista and contra representatives, meeting in Costa Rica, open first face-to-face talks. Discussions 1/28–29 fail to achieve agreement on a cease-fire.

Jan. 30. Nicaragua frees and returns to US James Jordan Denby, an American pilot who was shot down 12/87 and charged with violating Nicaraguan security laws. Denby is acquitted of all charges *in absentia* 2/8.

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FEB. 3. US House of Representatives votes 219–211 to reject administration request of $3.6 million in military aid and $32.6 million in nonlethal aid to Nicaraguan contras. Senate 2/4 approves aid package 51–48, but earlier House vote had killed proposal.

FEB. 4. Panamanian strongman Gen. Manuel Antonio Noriega is indicted by US federal grand juries in Miami and Tampa on charges of violating US racketeering and drug trafficking laws. Indictments are announced 2/5 by US Justice Department. Senate Foreign Relations subcommittee on terrorism, narcotics and international communications holds hearings 2/8–11 on Noriega's alleged drug trading activities. Panama's recently fired consul in New York, José Blandon, former chief political adviser to Noriega, is main witness, accusing Noriega of drug trafficking, money laundering, corruption and political assassination.

FEB. 13. President Reagan and Mexican President Miguel de la Madrid Hurtado meet in Mazatlán, Mexico, for their 6th annual summit, and sign an agreement that would widen access of Mexican textiles to US markets.

FEB. 14. Nicaraguan government announces that citizens may exchange their old cordobas (the national currency) for new ones at a rate of 1,000 to 1, in a move aimed at controlling inflation.

FEB. 18. Talks between contras and Nicaraguan government convene in Guatemala City. Mediator Cardinal Miguel Obando y Bravo calls off talks 2/19 when Sandinista government hesitates to approve a proposal that it grant a total amnesty and freedom of press and review its conscription practices.

FEB. 25. Panamanian President Eric Arturo Delvalle says on national television that Gen. Noriega has refused several requests to step down as head of Panama Defense Forces, names chief of staff Col. Marcos Justines to replace him; Justines declines. National Assembly 2/26 votes 38–0 to oust Delvalle, calling removal of Noriega unconstitutional (opposition boycotts vote); names Education Minister Manuel Solís Palma as president; Solís Palma is sworn in 2/26. President Reagan 2/26 says US fully supports Delvalle, but rules out military intervention. General strike called by Noriega's opponents begins 2/29. Delvalle, in hiding 3/1, calls for freezing Panamanian assets abroad and boycott of payments to Panama; Reagan Administration backs Delvalle 3/2. Noriega regime 3/4 orders all banks in Panama closed. Thousands of pensioners demonstrate 3/7 in Panama City. Opposition National Civic Crusade organizes protest in Panama City 3/8, which is broken up by riot police. US House of Representatives 3/10 passes nonbinding resolution 367–2 supporting efforts of administration to oust Noriega. US announces 3/11 it will withhold from Panama $7 million payment from Panama Canal Commission. Panama Defense Forces 3/16 announce arrest of 5 officers who attempted coup earlier that day. News of coup attempt sparks worst riots in Panama City since anti-Noriega protests began mid-1987. In response to work slowdowns, government 3/17 authorizes military to seize utilities and public services. Noriega declares a state of urgency 3/18, citing US "undeclared war" on Panama.

MAR. 3. US House of Representatives votes 216–208 to reject $30.8 million "humanitarian" contra aid plan proposed by House Speaker James Wright (D-Tex.). As preexisting contra aid program ended 2/29, vote leaves contras without US support.

MAR. 16. Reagan Administration, acting at Honduran government request and charging that Nicaragua has launched "significant cross-border incursion" by up to 2,000 troops into Honduras in pursuit of retreating contra rebels, orders 3,200 US troops into Honduras; says troops are not to be sent to combat zone but to remain in area around Palmerola Air Base in central Honduras. Nicaraguan President Ortega denies his troops have crossed border and invites international observers to visit area; says Sandinistas have exchanged mortar fire with contras across border, but that no fighting has occurred within Honduras. US troops arrive 3/17; Honduran air force bombs Nicaraguan army position near border; Honduras claims attack occurred in its own territory, but Sandinistas says planes bombed in Nicaragua.

MAR. 20. In Salvadoran elections, early returns indicate that right-wing Nationalist Republican Alliance (ARENA) wins a majority in Legislative Assembly. Central Electoral Council 4/2 releases official results showing ARENA with 30 seats, Christian Democrats (PDC) with 23, National Conciliation Party (PCN) with 7, and one seat contested between ARENA and PDC. ARENA seats its 30 uncontested

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deputies 5/1, declaring them to be a majority of Legislative Assembly's uncontested seats; soon afterward and separately, PDC and PCN install their deputies.

MAR. 18–19. Talks convene in Panama between 2 US State Department officials, William Walker and Michael Kozak, and Gen. Noriega. Panamanian President Solís Palma tells reporters 3/21 that Noriega has offered to resign at "an opportune time" before elections scheduled for 5/89.

MAR. 23. Nicaraguan Defense Minister Humberto Ortega Saavedra and Adolfo Calero Portocarrero of contras sign a 60-day truce, to go into effect 4/1, after 3 days of direct talks in Sapoá, Nicaragua. They agree to reconvene peace talks in Managua; contras agree to assemble in special zones during cease-fire negotiations, but are not required to lay down arms. Ortega agrees to grant general amnesty to prisoners convicted under Sandinista security laws and to officials of the government of overthrown President Anastasio Somoza Debayle; government also agrees to allow freedom of expression, freedom for exiles to return to Nicaragua without fear of persecution or punishment, and participation of contra leaders in a "national dialogue" on issues of national reconciliation. Reagan Administration announces it will begin to pull out troops it sent to Honduras, beginning 3/28. Cease-fire talks reconvene in Managua 4/16–18; talks end without agreement. Talks reconvene in Managua 4/28–30, again fail to reach agreement.

MAR. 28. Panamanian armed forces storm a meeting of opposition leaders in a Panama City hotel, beating and arresting as many as 50 activists and journalists. US Defense Department 4/1 announces plans to send 1,300 additional US troops into Panama to strengthen security on American bases; troops arrive 4/5–8.

MAR. 30. US House of Representatives approves 345–70 a $47.9-million package of "humanitarian" aid to contras; Senate approves 3/31 by vote of 87–7; President Reagan signs 4/1.

APR. 5. Honduran government deports an alleged drug trafficker, Juan Ramón Matta Ballesteros, to US, where he is wanted on charges of involvement in 1985 torture and murder in Mexico of a US Drug Enforcement Administration official. Students in Tegucigalpa protest 4/7, because Honduras and US have no extradition treaty; 5 protesters die in riots when 2,000 attack US embassy and set annex on fire.

APR. 22. Panamanian Legislative Assembly votes to lift state of emergency declared 3/18.

MAY 11. Guatemalan Defense Minister Gen. Héctor Alejandro Gramajo announces failure of a coup attempt by a dozen high-ranking army officers who briefly blocked road between El Salvador and Guatemala City. Eight right-wing civilians, including 2 former presidential candidates of National Authentic Central party, are charged 5/17 with sedition. Three civilians are arrested 7/31 after allegedly approaching officers near Justo Rufino Barrios military base and suggesting they take part in an uprising.

MAY 19. ARENA wins control of Salvadoran Legislative Assembly when a member of the PCN defects to ARENA. El Salvador's rival parties 5/26 reach agreement to convene Legislative Assembly.

MAY 25. Panamanian leader Noriega rejects a US proposal that he surrender power and leave Panama temporarily in return for dismissal of drug-trafficking charges pending against him in US.

MAY 26. Talks convene in Managua between Nicaraguan government and contra rebels. Sandinistas 5/28 agree in principle to make political reforms if contras agree to lay down their arms; precise reforms remain unspecified. Talks continue in Managua 6/7, but turn bitter 6/8. Contras 6/9 issue a "final proposal" containing new demands which Sandinistas reject as "outlandish." Talks end 6/9; contras issue communiqué saying they will continue to observe truce, but refusing to agree to set a date for new talks.

JUNE 7. After exploratory surgery in New York, Salvadoran President Duarte is reported to be terminally ill with stomach cancer. Duarte returns to El Salvador 7/11, saying he intends to continue in office.

JUNE 13. Lt. Gen. Henri Namphy, Haitian army chief of staff, issues order retiring or transferring 10 top military officials; Haitian President Leslie Manigat 6/15 calls order unconstitutional because Namphy failed to consult him before issuing it. Manigat fires Namphy 6/17 and announces major military reorganization 6/19. On night of 6/19, Namphy seizes power; Manigat goes into exile 6/20 in

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Dominican Republic, proclaims himself still president. US State Department 6/20 calls coup a "serious blow to hopes for democracy" in Haiti.

JUNE 14. Nicaraguan President Ortega calls his country's economic difficulties "deep and serious"; lifts wage and price controls and announces measures to curb imports and credit flows. Nicaragua 6/15 devalues its currency by 667%, and 6/17 doubles gasoline prices. Nicaragua devalues currency further 8/31, 10/1, 11/2 and 11/24. By year-end, the cordoba, which traded 2/14 at an official rate of 10 to the dollar, trades at official rate of 920 to the dollar.

JUNE 24. Rejecting US extradition request, Mexico frees William Morales, Puerto Rican political activist wanted in US since 1978 escape from a New York hospital where he was recuperating from injuries received in a bomb blast and was to serve 89 years on weapons charges. Morales had since served 5 years of an 8-year term in Mexico for murder of a Mexican policeman.

JULY 6. Elections for president and national assembly are held in Mexico. Candidate of governing Institutional Revolutionary Party (PRI), Carlos Salinas de Gortari, claims victory 7/7, but his two opponents, Manuel Clouthier of conservative National Action Party (PAN) and Cuauhtémoc Cárdenas of leftist National Democratic Front, charge fraud, and Cárdenas claims victory. Mexico's Federal Electoral Commission releases final returns 7/13: Salinas, 50.36%; Cárdenas, 31.12%; Clouthier, 17.07%. In lower house of Congress PRI wins 260 seats; combined opposition, 240. In Senate, PRI wins 60 seats; supporters of Cárdenas, 4. Cárdenas addresses an antigovernment rally 7/16 attended by some 200,000 people; says the government has "usurped power" by election fraud. Salinas is certified Mexico's president-elect by Chamber of Deputies 9/10.

JULY 8. Haitian leader Namphy nullifies constitution overwhelmingly approved by voters 3/87, saying a new constitution will be written soon including freedom of speech and assembly but removing "concepts foreign to Haiti's customs and traditions."

JULY 10. A protest by 3,000 marchers in Nandaime, Nicaragua, organized by opposition Democratic Coordinator coalition turns violent; protesters throw rocks and bottles at riot police, and 42 are arrested. Nicaragua 7/11 expels US Ambassador Richard Melton and 7 other US diplomats, accusing them of attempting to incite a rebellion in Nicaragua. US 7/12 retaliates by expelling Nicaraguan Ambassador Carlos Tunnermann Bernheim and 7 other Nicaraguan diplomats. Nicaraguan President Ortega 7/12 claims that Tunnermann cannot be expelled because he is also ambassador to Organization of American States; but Tunnermann departs Washington 7/15.

JULY 18. Nicaraguan contra's chief military leader, Col. Enrique Bermudez, an opponent of contra's cease-fire with Sandinista government, is elected to contra's 7-man directorate by assembly of Nicaraguan Resistance. Seven contra field commanders in so-called Southern Front resign 7/19, claiming that Bermudez's election represents "a steady and pronounced shift to the extreme right" in contra organization.

SEPT. 12. Hurricane Gilbert strikes Jamaica, leaving an estimated 500,000 people homeless and ruining country's banana and poultry industries. Storm hits Mexico's Yucatan Peninsula 9/14, devastating resort cities; strikes Mexican mainland again 9/16 south of Monterrey.

SEPT. 17. Haitian President Namphy is ousted in coup by noncommissioned army officers, following wave of attacks by thugs against radio stations and churches associated with critics of regime. Brig. Gen. Prosper Avril, former aide to Presidents François and Jean-Claude Duvalier, assumes power 9/18; Namphy is allowed to seek asylum in Dominican Republic. Avril names a new cabinet 9/19, containing one military officer and 10 civilians; Avril proclaims "final objective" of his government is to restore democracy. US 9/19 warns Avril against giving any increased power to Col. Jean-Claude Paul, indicted in US 3/9 on drug-trafficking charges. Paul is dismissed 9/30 as commander of Dessalines Battalion, linked to attacks on voters in 1987 presidential elections. Paul dies 11/6 in suspected poisoning.

OCT. 17. US Treasury announces it will extend to Mexico a $3.5-billion short-term bridge loan, to support Mexico until international lending agencies can provide longer-term financing.

OCT. 22. Hurricane Joan strikes Nicaraguan coast at Bluefields, virtually destroying the town. President Ortega announces 10/28 that 116 people had been killed,

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110 were missing and 300,000 were made homeless; he appeals for international aid. US 10/24 refuses to provide aid.

NOV. 24. Twenty-two Guatemalan peasants, searching in countryside for a neighbor who had been missing for 2 days, are ambushed, tortured and killed near town of San Andrés Iztapa, reportedly by a squad of leftist guerrillas.

DEC. 1. Carlos Salinas is sworn in as president of Mexico. In his inaugural address before Mexican Congress he calls for immediate renegotiation of country's $104-billion foreign debt. Legislators from opposition National Democratic Front walk out of Congress as Salinas enters.

DEC. 22. International Court of Justice decides to hear a case brought by Nicaragua charging that Honduras is violating international law by sheltering Nicaraguan contra troops on its territory.

SOUTH AMERICA

JAN. 5. Brazil names Maílson Ferreira da Nobrega finance minister, to replace Luiz Carlos Bresser Perreira, who resigned 12/87.

JAN. 12. Colombia opens probe into charges that Jorge Luis Ochoa, a reputed boss of the Medellín drug cartel, paid bribes in 1986 to avoid being extradited from Spain to the United States. Ochoa was deported to Colombia instead and released from prison 12/87, to US protest. Colombian Attorney General Carlos Mauro Hoyos Jimenez, who is investigating the case, is kidnapped 1/25 and killed by drug traffickers in Medellín.

JAN. 12. National Assembly of Suriname elects Ramsewak Shankar, former agriculture minister, nation's new president. Shankar is sworn in 1/25.

JAN. 16. Argentine Lt. Col. Aldo Rico, charged with organizing 4/87 Campo de Mayo mutiny and released from custody 12/87, leads 100 soldiers in rebellion at headquarters of 4th Infantry Regiment in Monte Caseros upon learning he may have to return to military custody. Two thousand loyalist soldiers lead by army Chief of Staff Gen. José Caridi storm town 1/18; Rico and followers surrender after a brief battle. President Raúl Alfonsín 1/19–20 orders a purge of middle- and lower-ranking officers in wake of rebellion; 300 are arrested.

JAN. 31. In Ecuadoran presidential elections, 2 leftist candidates win most votes, although neither wins a majority. Rodrigo Borja Cevallos of Democratic Left captures 24.5%, and Abdalá Bucarem Ortiz of the Ecuadoran Roldosist Party wins 18.4%.

FEB. 14. Gen. Alfredo Stroessner is elected to his 8th 5-year term as president of Paraguay. On same day, opposition leader Domingo Laino is arrested while on his way to lead a protest in Caaguaza.

FEB. 28. Brazil's foreign creditor banks announce they will provide the country with $5.8 billion in medium-term lending. Brazil 3/4 announces tentative agreement with its major foreign bank creditors to reschedule $62 billion of foreign debt, to be repaid over 20 years.

APR. 14. Colombian President Virgilio Barco Vargas declares a state of emergency in Uraba region after 40 peasants are massacred by a neo-Nazi paramilitary group 3/4–4/11. Human rights group Amnesty International 4/20 releases statement saying that Colombia, with a politically motivated killing every 6 hours, is in a state of human rights emergency.

APR. 27. Former Argentine Gen. Carlos Guillermo Suarez Mason is ordered to be extradited to Argentina by US federal district court in San Francisco. Suarez, charged with 39 counts of murder, allegedly committed during Argentina's period of military rule from 1976 to 1983, arrives in Buenos Aires 5/9.

MAY 7–18. Pope John Paul II visits Uruguay, Bolivia and Paraguay and Peru, speaking out against international drug trade and human rights record of Paraguayan President Stroessner.

MAY 8. In Ecuadoran presidential runoff elections Rodrigo Borja is elected with 47% of vote, defeating Abdalá Bucarem, who captures 40%. Borja is sworn in 8/10.

MAY 13. Peruvian President Alan García Pérez replaces 8 members of his 15-member cabinet after severe criticism was leveled against government for failing to make progress against country's economic problems and leftist insurgency.

MAY 23. Eighty thousand peasants in 6 cities in Colombia march in protest

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demanding land reform and nationalization of foreign oil companies; armed forces are placed on alert for possible emergency 5/26. Leftist M-19 guerrillas 5/29 kidnap 1986 Conservative Party presidential candidate Alvaro Gomez Hurtado as he is leaving a church in Bogotá.

JUNE 2. Brazil's National Congress votes 328–222 to grant President José Sarney his requested 5-year term, allowing Sarney to remain in office until 3/90.

JUNE 9. Colombian cabinet resigns to allow President Barco to reshuffle his government in face of increasing political violence; Barco names 8 new ministers 6/10, reappointing ministers of defense and foreign, economic and interior affairs. New justice minister, Luis Guillermo Giraldo, resigns 6/11, is replaced by Jaime Bernal Cuéllar, who voices opposition to a referendum on US-Colombian extradition treaty and is in turn fired 6/14, leaving post empty.

JUNE 12. Peruvian police arrest Osman Morote Barrionuevo, second-in-command of Peru's Shining Path guerrilla group. Members of Shining Path 7/13 shoot and kill a US agricultural adviser and his Peruvian coworker near Huancayo.

JULY 3. Argentina's governing Radical Civic Union party votes to nominate Eduardo Angeloz, governor of Córdoba province, to be its presidential candidate in 1989 elections. Members of rival Judicialist National Movement, or Peronists, 7/9 nominate Carlos Saúl Menem, governor of La Rioja province, to run against Angeloz.

JULY 20. Colombian M-19 guerrillas free Alvaro Gomez Hurtado, whom they kidnapped 5/29. President Barco says 7/22 that his government will send a representative to talks demanded by Gomez's captors, to be held 7/29 and to be attended by representatives of church, labor unions, business and political groups. Barco reverses his decision 7/27 and refuses safe passage for guerrillas; planned meeting collapses.

AUG. 8. A small bomb explodes alongside a motorcade carrying US Secretary of State George Shultz to La Paz, Bolivia, from city's airport. A leftist group, Simón Bolívar Command, claims responsibility 8/9, but CIA Director William Webster asserts that it is more likely the work of drug traffickers.

AUG. 30. Chile's ruling military junta nominates President Augusto Pinochet Ugarte as sole candidate in upcoming presidential plebiscite. A group of 16 opposition parties 8/31 agrees to help government maintain order during transition period if Pinochet is voted out of office. Pinochet 9/1 signs decree allowing return of remaining 430 people barred from Chile following 1973 coup that brought him to power.

SEPT. 25. World Bank agrees to lend $1.25 billion to Argentina, without following standard practice of waiting for IMF to reach agreement with Argentina on an economic restructuring program; Argentine Economy Minister Juan Sourrouille agrees to strengthen his country's anti-inflation program.

OCT. 5. In Chilean referendum 54.7% vote against a new term for President Pinochet, 43% vote for. According to Chile's constitution, Pinochet must call presidential and congressional elections by 12/89. Chilean government announces 11/20 that Pinochet will not be a candidate in presidential election.

— Brazil's National Congress promulgates new constitution in a ceremony in Brasília; constitution is signed by President Sarney. New document sets presidential term at 5 years, mandates a presidential election 11/89 and a referendum in 1993 to allow Brazilians to choose between presidential, parliamentary and monarchical forms of government. Constitution also forbids enacting of laws by presidential decree, requires that budgets and major economic decisions be approved by National Congress and guarantees basic civil and labor rights.

OCT. 12. Brazilian President Sarney announces a plan to halt destruction of Amazon rain forest. Plan includes an end to government subsidies for agricultural development of rain forest and a ban on export of timber.

NOV. 15. In Brazilian municipal elections, leftist candidates capture mayoralties of São Paulo, Rio de Janeiro, Belo Horizonte and other important cities; governing Brazilian Democratic Movement Party (PMDB) loses power in 13 of 17 state capitals it controlled.

NOV. 27. Peruvian Finance Minister Abel Salinas resigns 5 days after proposing new austerity plan that would devalue Peru's currency by half against US dollar and double food and gasoline prices, while raising wages between 40% and 60%.

DEC. 2. Five hundred rebel Argentine soldiers led by Lt. Col. Mohamed Ali

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Seineldin seize an infantry school at Campo de Mayo military base outside Buenos Aires, demanding removal of army Chief of Staff Caridi and a halt to prosecution of military officers accused of human rights violations committed during Argentina's "dirty war" in late 1970s and early 1980s. Rebels 12/3 evade loyal troops surrounding base and escape to another military base in Villa Martelli, a suburb of Buenos Aires, where they are joined by other sympathetic troops; companies in cities of Mercedes and Córdoba also ally themselves with uprising. Argentine government says 12/4 that Seineldin has agreed to end mutiny and surrender without winning any government concessions. Seineldin surrenders to government early 12/6. President Alfonsín, in a speech 12/6 says human rights abuses cannot be forgiven, but that certain aspects of "dirty war" had been "necessary to recover institutions of the nation." Alfonsín 12/21 replaces Caridi with another loyalist, Gen. Francisco Gassino.

DEC. 4. In Venezuelan general elections, former President Carlos Andrés Pérez of governing Democratic Action party is elected president, winning 54.5% of vote, defeating Christian Social Party candidate Eduardo Fernández, who captured 40%. Democratic Action party also wins a majority of seats in national and state legislatures. Outgoing President Jaime Lusinchi announces 12/31 that he has informed foreign creditors that country will suspend payment on nearly all of its $30.3 billion debt, beginning 1/17/89.

DEC. 23. Francisco Mendes Filho, a Brazilian union leader who was also a leader in struggle to control destruction of country's rain forests, is assassinated at his home in northwestern state of Acre.

AFRICA

JAN. 4. British Prime Minister Margaret Thatcher arrives in Kenya for a 4-day visit, travels on to Nigeria 1/7–8. Thatcher repeatedly stresses her opposition to sanctions against South Africa.

JAN. 15. Eritrean guerrillas attack a truck convoy carrying food to famine victims in northern Ethiopia, destroying all 17 trucks and 176 tons of food.

— Angolan government reports fighting a battle with National Union for the Total Independence of Angola (UNITA) and South African forces at southeastern town of Cuito Cuanavale. UNITA 1/26–29 claims to have won a major victory, but Angolan government says Cuito Cuanavale is still in its hands.

JAN. 28–29. US Assistant Secretary of State Chester Crocker visits Luanda, Angola, for talks with Angola and Cuba on negotiating a Cuban troop withdrawal. US State Department announces 2/1 that Angola and Cuba have for first time agreed in principle to a withdrawal of Cuban forces as part of a proposed overall agreement involving South African withdrawal from Namibia.

FEB. 5. South African President P. W. Botha announces plan to privatize a number of state-controlled industries and utilities, in an effort to raise funds to reduce government's debt and increase capital in response to international sanctions imposed on country.

FEB. 8. Government troops open fire on a crowd of famine victims at Korem, in northern Ethiopia, when they refuse to board trucks bound for a resettlement site. 20 are reported killed.

FEB. 19. A bomb explodes in a bank in Oshakati, Namibia, near a South African military base, about 25 miles from Angolan border; 26 are killed. Police blame South West African People's Organization, a black nationalist guerrilla force; SWAPO denies responsibility and instead blames "agents of apartheid and colonialism" for seeking to discredit SWAPO with a staged terrorist incident.

FEB. 24. South African President Botha issues a decree forbidding 17 leading black organizations, including United Democratic Front (UDF), from "carrying on or performing any acts whatsoever" without government permission—effectively barring them from all political activity. South Africa's largest labor federation, Congress of South African Trade Unions (COSATU), is separately banned from engaging in any but strictly labor-related actions.

FEB. 28. Angolan government flies group of foreign journalists into city of Cuito Cuanavale to demonstrate that claims by UNITA to have captured town are false. Journalists note heavy, and continuing, damage from South African shelling.

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— Senegalese voters elect President Abdou Diouf to a 2nd 5-year term. When preliminary results are announced 2/29, rioting breaks out in Dakar among supporters of Diouf's main rival; a state of emergency is declared in Dakar, but calm returns to city 3/1.

FEB. 29. President of Central African Republic Gen. André-Dieudonne Kolingba commutes death sentence of former Emperor Jean-Bédel Bokassa, convicted in 1987 of murder and theft of huge amounts from country's treasury.

MAR. 6. South African Defense Minister Magnus Malan, in statement broadcast on South African state-run radio, offers to negotiate directly with USSR to end civil war in Angola. Soviets 3/9 refuse offer.

MAR. 17. The "Sharpeville Six," South African black nationalists, scheduled to be executed for allegedly participating in lynching of a black town councillor 9/84, are given a one-month reprieve by Supreme Court. President Reagan, British Prime Minister Thatcher and West German Chancellor Helmut Kohl had all made pleas for clemency 3/15. A car bomb explosion in a shopping center near Johannesburg kills 3 shortly before reprieve is announced; police say they suspect a white member of African National Congress (ANC), Heinrich Grosskopf, of bombing.

— Eritrean People's Liberation Front (ELPF) begins a major offensive and by 3/22 captures strategic town of Afabet, 60 miles north of Eritrean capital Asmara. Ethiopian government 4/6 bars foreign famine relief workers from provinces of Eritrea and Tigre because of insurrections there.

MAR. 21. Kenya holds general elections for parliament. All candidates are selected by Kenya African National Union, country's only legal party.

MAR. 28. South African soldiers stage a raid against a house alleged to be a headquarters of ANC in Gaborone, Botswana, killing 4. South Africa 3/29 claims responsibility for attack, but disclaims responsibility for 3/29 assassination in Paris of ANC representative to France, Belgium and Luxembourg.

APR. 3. Ethiopia and Somalia sign a peace agreement in Mogadishu, Somalia, to withdraw troops from both sides of their contested border.

APR. 20. US State Department report charges that right-wing Mozambique National Resistance (MNR) has waged a systematic terror campaign against civilians, killing at least 100,000 in past 2 years.

MAY 3–4. Representatives of US, South Africa, Angola and Cuba meet in London for talks aimed at finding a formula for a Cuban withdrawal from Angola in return for a South African withdrawal from Angola and independence for Namibia. Participants announce 5/4 that "progress was made" and agree to meet again in future. Angolan delegation meets with South African defense and foreign ministers in Brazzaville, Congo, 5/13; they reportedly clarify their opposing positions.

MAY 15. Terrorists carrying Lebanese passports and armed with machine guns and grenades attack foreigners in a Khartoum, Sudan, hotel and nightclub, killing seven people and wounding 21.

MAY 16. Governments of Algeria and Morocco announce resumption of diplomatic relations, which had been broken off 12 years earlier in a dispute over war between Morocco and Polisario guerrillas for sovereignty in former Spanish territory of Western Sahara. 2 countries agree that Western Sahara conflict should be settled by a "self-determination referendum."

MAY 25. Libyan leader Col. Muammar al-Qaddafi says that, in a "present to Africa," he will recognize Chadian government of President Hissene Habré; Qaddafi says recognition "ends all outstanding problems" between his country and Chad, but he does not renounce claims to Chad's Aozou Strip, whose main town his troops still occupy. Qaddafi announces 5/27 that he is unilaterally restoring Libyan relations with Kenya, Liberia, Zaïre, Mauritius, Gabon, Senegal, Gambia and Ivory Coast.

JUNE 6–8. COSATU calls a strike to protest South Africa's proposed new anti-strike law and 2/24 banning of political activity by trade unions. Almost 2 million black workers stay home 6/6–8, with absenteeism particularly strong in Johannesburg, Pretoria, Durban and Natal province. Sporadic violence is reported 6/7–8, including firebombing of commuter transportation lines.

JUNE 9. South African President Botha renews 2-year-old state of emergency for another year. Government 6/10 announces new press restrictions that make it easier to ban publications and broaden definition of people considered "banned."

JULY 11. Talks open in New York between representatives of Angola, Cuba,

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South Africa and US. US Assistant Secretary of State Crocker 7/13 announces tentative agreement on "principles for a peaceful settlement in southwestern Africa," but details of agreement are not released. After talks held in Geneva 8/2–5, South Africa, Angola and Cuba release joint statement declaring "a de facto cessation of hostilities" in Angola and Namibia.

AUG. 4–5. Heavy rains strike Sudanese capital of Khartoum, causing heavy flooding. Sudanese officials report 8/8 that at least a million of Khartoum's 4 million people have been made homeless.

AUG. 12. Nelson Mandela, imprisoned leader of ANC, is hospitalized in Cape Town. Mandela's lawyer says 8/16 that Mandela is suffering from tuberculosis. South African President P. W. Botha indicates in a speech given 8/18 that "if we get the cooperation we have so far got from Mr. Mandela," it might be possible that he would be released after his hospital treatment.

AUG. 14. Ethnic conflict breaks out in Ntega region of northeast Burundi between dominant minority Tutsis and majority Hutus; an estimated 1,000 people from both tribes are killed in clashes 8/15–16. Burundian army, almost entirely composed of Tutsis, moves into region 8/17 and launches reprisal that takes lives of at least 5,000 Hutu by 8/22.

AUG. 30. UN announces tentative acceptance by Morocco and Polisario of a joint UN-Organization of African Unity plan to end their 13-year-old war. Plan calls for a UN-supervised cease-fire, to be followed by a referendum among disputed territory's inhabitants.

SEPT. 2. South African government withdraws legislation providing harsher penalties for violations of segregation laws, after country's coloured and Indian houses of parliament block bill by boycotting debate.

SEPT. 12. South African President Botha, in his first official visit to a black African country, travels to Songa, Mozambique, to meet with President Joachim Chissano; Chissano reports that Botha promised to end South African aid to Mozambican rebels. Botha later visits President Hastings Kamuzu Banda in Malawi, 9/13, President Mobutu Sese Seko in Zaïre, 10/1, and President Félix Houphouët-Boigny in Ivory Coast, 10/16.

SEPT. 14. Pope John Paul II, visiting Africa, is forced to land in Johannesburg after a storm prevented his landing in Lesotho, despite his having excluded a visit to South Africa on this trip; pope travels by land instead, arriving in Lesotho that evening. A bus carrying pilgrims is hijacked in Maseru, Lesotho, by 4 men demanding to see pope; bus is stormed by South African security police who kill 3 of hijackers.

OCT. 3. Libya and Chad issue a joint communiqué reestablishing diplomatic relations, calling a formal end to their war in northern Chad and promising to convene negotiations over disputed Aozou Strip.

OCT. 4. Demonstrations by students in Algiers against Algeria's declining standard of living turn violent and spread to other Algerian cities including Oran and Annaba. President Chadli Benjedid 10/6 declares state of siege. By 10/11, when rioting ebbs, at least 200 protesters have been killed by soldiers firing into rioting crowds. Benjedid lifts state of emergency 10/12 and promises a national referendum on increasing "democratization of political activity."

OCT. 7–9. Talks between Angola, South Africa, Cuba and the US are held in New York. *The New York Times* reports 10/10 that negotiators reached agreement on a timetable for withdrawal of Cuban forces from Angola, but State Department announces that "significant further decisions" remain before an agreement can be signed.

OCT. 26. Municipal elections are held in South Africa, for first time open to all races. Ruling National Party retains control over most white cities, but right-wing Conservative Party makes gains in industrial and rural areas of Transvaal and Natal provinces. Because of a black boycott of elections, only about 500,000 out of 26 million blacks participate in voting.

NOV. 3. Algerian voters approve by a 93% "yes" vote constitutional reforms suggested by President Benjedid, designed to make country's premier responsible to National Assembly rather than governing National Liberation Front (FLN). Benjedid 11/5 replaces Abdelhamid Brahimi as premier, appointing Health Minister Kasdi Merbah to succeed him. Merbah 11/9 appoints a new 22-member cabinet containing only 8 holdovers from previous government.

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Nov. 11. New round of talks opens in Geneva between Angola, Cuba, South Africa and US; they release communiqué 11/15 announcing agreement on a timetable for withdrawal of Cuban troops from Angola and independence of Namibia from South Africa. Details are not made public. Angola and Cuba 11/18 formally announce their agreement to pact; South Africa announces its acceptance 11/22.

Nov. 15–18. Four of 19 black activists on trial since 1/86 in connection with organizing of demonstrations and rent strikes near Johannesburg in 1984 are found guilty of treason. Seven others are found guilty of terrorism. Those convicted of treason, including 3 top leaders of UDF, are sentenced 12/8 to prison terms ranging from 6 to 12 years, and one of those convicted of terrorism is sentenced to 5 years in prison. Remaining six persons are given suspended 5-year sentences.

Nov. 23. South African President Botha commutes death sentences of "Sharpeville Six" to prison terms of 18–25 years.

Dec. 7. ANC President Mandela is moved from a medical clinic in Cape Town to a guarded private house on grounds of a prison.

Dec. 8. Two DC-10 cargo planes used by US Agency for International Development flying over Mauritania are hit by surface-to-air missiles; one plane is shot down, killing all 5 American crewmen, other lands at Sidi Ifni, Morocco. Missiles are apparently fired by Polisario guerrillas, although no one takes responsibility for attack.

Dec. 13. Angola, Cuba and South Africa, meeting in Brazzaville, Congo, sign prologue to a protocol providing for a transition to independence in Namibia beginning 4/1/89, and for a phased withdrawal of Cuba's approximately 50,000 troops in Angola. Three thousand Cuban troops are to leave Angola by 4/1, 25,000 are to withdraw by 11/1, and rest are to move to northern Angola, away from Namibia; Cuban departure from Angola is to be complete by 7/91. South Africa agrees to reduce its 60,000 troops in Namibia to 1,500 by 7/89, to allow UN-supervised elections in Namibia 11/1/89, and to withdraw all its troops within a week following the elections. Agreement does not cover UNITA or SWAPO guerrilla groups. Agreement is formally signed 12/22 in New York by representatives of Angola, Cuba and South Africa, with Secretary of State Shultz attending.

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